Manitoba Agriculture,
Food and Rural Initiatives

Annual Report
2006 - 2007

Manitoba

Agriculture, Alimentation
et Initiatives rurales Manitoba

Rapport Annuel
2006 - 2007

Manitoba

Minister of Agriculture, Food
and Rural Initiatives

The Honourable John Harvard
Lieutenant-Governor of Manitoba

Your Honour,

I am pleased to present you with the Annual Report of Manitoba Agriculture, Food and Rural Initiatives for the year ending March 31, 2007.

This department's mandate is to foster economic growth and stability in the agri-food sector and in rural Manitoba. In order to continue creating opportunities for producers, food processors, rural residents and rural communities, we emphasize five focus areas: farm profitability, value-added processing, rural economic development, environmental sustainability and health and wellness. Over the past year significant progress has been achieved in each of these areas.

Agriculture is a major contributor to Manitoba's economy. A prosperous farming sector contributes to the vitality and growth of our rural communities, as does the assistance this department is providing in funding, business development, and community capacity building. These communities, as well as their urban counterparts, are also concerned with the preservation and enhancement of our natural resources. Our initiatives to ensure environmental sustainability in agricultural production have been highly successful in helping farmers meet these expectations. Our efforts in value-added processing are providing new markets for farmers' primary goods, creating jobs and new opportunities in rural and urban Manitoba, and providing Manitoba consumers with more local food choices.

Manitoba Agriculture, Food and Rural Initiatives will continue to develop programs and policies to support our agri-food sector and our rural communities.

Sincerely,

Rosann Wowchuk

Rosann Wowchuk
Minister

Manitoba

Deputy Minister of Agriculture, Food and Rural Initiatives
Room 159
Legislative Building
Winnipeg, Manitoba, Canada R3C 0V8
T (204) 945-3714

Honourable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Province of Manitoba

Madam,

I am pleased to present the annual report of the Manitoba Department of Agriculture, Food and Rural Initiatives for the year ending March 31, 2007.

This past year has been one of success as the department continued to implement new initiatives that will see our farming and rural economies prosper and grow. In order to assist producers achieve profitability on their farms, we have worked to make national business risk management programming more responsive to producers' needs and developed new programs in crop and animal production. We also continued our efforts in value-added processing by working through our GO teams and the Food Development Centre with new and existing processors.

Our activities in rural development were numerous and included additional funding for existing community and business development programs, as well as new and renewed partnerships with rural-based organizations that will provide leadership and resources for rural economic development.

We continued to allot significant resources to ensure environmental sustainability and continued delivering our highly successful environmental farm planning program to producers.

Health and wellness activities included increased support for the Northern Healthy Foods Initiative and development of a comprehensive emergency preparedness plan in the event of an animal disease outbreak.

In order to prepare for the future, departmental staff began important negotiations with the federal government on a new federal-provincial-territorial agreement for agri-food policy that will replace the soon-to-expire Agricultural Policy Framework.

Respectfully submitted,

Barry Todd
Deputy Minister

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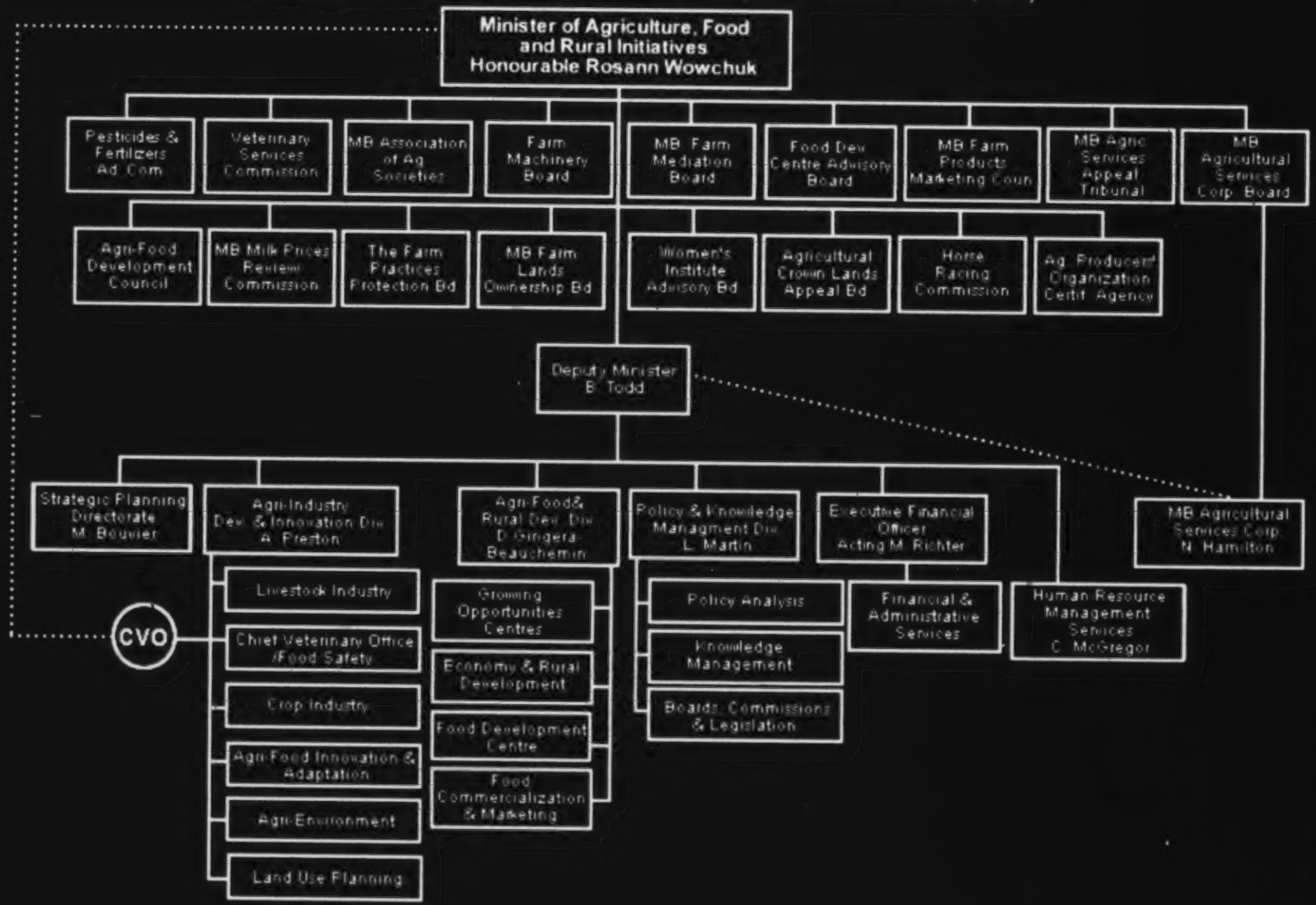
Organization Chart of Manitoba Agriculture, Food and Rural Initiatives

(This organization chart depicts the status of the department as at March 31, 2007)


Minister of Agriculture, Food and Rural Initiatives
Honourable Rosann Wowchuk
Pesticides & Fertilizers Ad Com
Veterinary Services Commission
MB Association of Ag Societies
Farm Machinery Board
MB Farm Mediation Board
Food Dev Centre Advisory Board
MB Farm Products Marketing Coun
MB Agric Services Appeal Tribunal
MB Agricultural Services Corp Board
Agri-Food Development Council
MB Milk Prices Review Commission
The Farm Practices Protection Bd
MB Farm Lands Ownership Bd
Women's Institute Advisory Bd
Agricultural Crown Lands Appeal Bd
Horse Racing Commission
Ag Producers' Organization Certif Agency
Deputy Minister B. Todd
Strategic Planning Directorate M. Bouvier
Agri-Industry Dev. & Innovation Div A. Preston
Agri-Food& Rural Dev. Div D. Gingera-Beauchemin
Policy & Knowledge Managment Div L. Martin
Executive Financial Officer Acting M. Richter
MB Agricultural Services Corp N. Hamilton
CVO
Livestock Industry
Chief Veterinary Office /Food Safety
Crop Industry
Agri-Food Innovation & Adaptation
Agri-Environment
Land Use Planning
Growing Opportunities Centres
Economy & Rural Development
Food Development Centre
Food Commercialization & Marketing
Policy Analysis
Knowledge Management
Boards, Commissions & Legislation
Financial & Administrative Services
Human Resource Management Services C. McGregor

MANITOBA AGRICULTURE, FOOD AND RURAL INITIATIVES

Executive

Honourable Rosann Wowchuk, Minister

B. Todd, Deputy Minister

A. Preston, Assistant Deputy Minister
Agri-Industry Development and Innovation Division

D. Gingera-Beauchemin, Assistant Deputy Minister
Agri-Food and Rural Development Division

L. Martin, Assistant Deputy Minister
Policy and Management Division

M. Richter, A/Executive Financial Officer

M. Bouvier, A/Executive Director
Strategic Planning Directorate

N. Hamilton, President and Chief Executive Officer
Manitoba Agricultural Services Corporation

C. Kibbins, Senior Vice President Planning and Lending Programs
Manitoba Agricultural Services Corporation

PREFACE

Purpose and Organization of the Annual Report

This report was prepared by the Manitoba Department of Agriculture, Food and Rural Initiatives to summarize the activities and accomplishments of the Department during the 2006/2007 fiscal year. Three major sections of this report include:

- **Section One** includes Part A – Program and financial information, and Part B – Capital Investments Information.
- **Section Two** contains summary tables comparing actual 2006/2007 expenditures and revenues with the budgeted estimates. The 2006/2007 figures are also compared to those for the 2005/2006 fiscal year.
- **Section Three** contains a five-year historical comparison of spending and staffing by appropriation numbers.

This report is presented according to the financial organization of the department, and is not necessarily organized according to programs and services.

Mission and Role

The Department's mission and role statements support the provincial government's commitment to improve the quality of life of all Manitobans. Manitoba Agriculture, Food and Rural Initiatives is committed to the overall provincial strategic priorities of northern development, community economic development, healthy children, sustainable development, clean water, aboriginal development, and civil service renewal.

The mission statement defines the common goal of the Department and its staff. The role statement defines how our organization will achieve its mission. The Department's mission and role statements are as follows:

Mission
We are dedicated to creating a supportive environment that advances the greater prosperity and stability of our farm families, other Agriculture, Food and Rural Initiatives partners, and rural communities.

Role
Within a sustainable agriculture framework we provide leadership and a range of information, programs and services in support of our mission.

Our Vision

The publication entitled *Destination 2010* includes the Department's vision. This vision provides an overview of a desired and achievable state of the province's agriculture and food industry – and ourselves as an organization – by the year 2010. The vision stated below declares what this Department is striving to achieve while working with our farming and industry partners.

- Our farm families, agriculture and food partners and rural communities will become more prosperous and economically stable.

- Manitoba's agriculture, food and rural sectors will focus on profitability and competitiveness through expanded diversification and adding value, and greater market orientation – all within a sustainable agriculture framework.

- Our rural communities will become more healthy and dynamic through expanded local economic and employment opportunities, based on a growing agriculture, food and rural initiatives sector.

- Our Department will be the leading-edge provider of unbiased technical and up-to-date information to our clients.

Philosophy and Values

The Department's philosophy and values are based on a fundamental caring commitment to people — our clients and our employees. This caring commitment as found in the following statements has stood the test of time. These statements define who we are and our attitude towards others.

The People We Serve — Our Foremost Priority

We work together as a team with our clients, to advance our province's agriculture and food industries, and rural communities.

The people we serve range from farm families, rural communities, rural business operators, food processors, consumers, and Cabinet, to other government departments and our fellow employees.

Our Best Job Performance

We, as employees, are committed to giving our best job performance every day with pride and professionalism.

We Are One Organization

We all share a commitment to our Department, a greater whole, that takes precedence over any of its parts.

Similarly, we all share a greater commitment to the Government of Manitoba and its priorities.

At all employee levels we strive to understand our roles within our Department's overall mission, goals, beliefs, and values.

We Are Public Trustees

We are entrusted with managing funds and other resources owned by the public we serve.

At all employee levels, we are committed to ensuring that we make the most effective and efficient use of the public resources entrusted to our care.

Within our organization's philosophy and values the primary statement we adhere to is our commitment to "The People We Serve – Our Foremost Priority". This client-focused commitment serves as the foundation that our other beliefs are built upon. Throughout the decades Manitoba Agriculture, Food and Rural Initiatives' strategic priorities have undergone considerable change. But our primary commitment has remained the same – and no doubt will continue to remain so in the long-term future.

Motivation, Morale, and Recognition

Manitoba Agriculture, Food and Rural Initiatives has a Motivation, Morale and Recognition Strategy to meet the needs of staff and address the challenges of public sector organizational culture. A formal peer recognition program forms the basis of the strategy. Under the program, individuals, or teams of

employees, are recognized and rewarded for their achievements. The Working Together for Success Committee, in charge of this program, annually invites department members to nominate fellow employees for special recognition and celebration. Recognition is awarded by peers -- and not from "the top down." Department staff members on the committee develop the award criteria, choose the number and types of awards, and vote on the winners.

The Department uses its Motivation, Morale and Recognition Strategy, as well as other measures, to motivate staff and boost morale, ultimately based on service improvement, for the benefit of the Department's clients.

Home Page

The Department's annual report can be found on Manitoba Agriculture, Food and Rural Initiatives' home page address at www.gov.mb.ca/agriculture. The 2006/2007 annual report on this web site includes a French language version for the Minister's introductory letter, the Deputy Minister's introductory letter, Preface, Sustainable Development Integration, and the narratives of each Division/Corporation.

Performance Indicators

The 2005/2006 year was the first year that a standardized Performance Measurement section appears in Departmental Annual Reports. This section is another step in our process to provide Manitobans with a more complete picture of the activities of government and their impacts on the province. That process was begun in 2005 with the release of the document, *Reporting to Manitobans on Performance, 2005 Discussion Document*, which can be found at http://www.gov.mb.ca/finance/mbperformance/perf02.html

Performance indicators in departmental Annual Reports are intended to provide Manitobans with meaningful and useful information about government's activities, complementary to financial results. Some measures incorporate data collected by the provincial government, while others show data that are collected by external agencies. A range of existing, new and proposed measures may be reported in subsequent years, as the process continues to evolve.

For MAFRI's Performance Indicators refer to Appendix E.

Your comments on performance measures are valuable to us. You can send comments or questions to mbperformance@gov.mb.ca.

2006/2007 Highlights

- The department augmented its efforts to assist Manitoba producers increase farm profitability with a number of important new initiatives that included:
  - continued efforts with the federal government in making business risk management programming more responsive to producers;
  - reduction of school taxes on farm land by 60 per cent;
  - development of a new Agri-Weather Program that will provide data from 26 stations around the province to assist farmers make crop production decisions;
  - implementation of a program that provides young farmers with a premium subsidy on production insurance if they file a crop plan;
  - creation of $2.4 million assistance package for producers who experienced flooding along the Assiniboine River;
  - work with the Southern Chiefs Council to form the Indian Agriculture Council of Manitoba.
- MAFRI enabled farmers make to make their views known through a department-run plebiscite in the debate prompted by the federal government's plan to eliminate the Wheat Board's single-desk selling of barley.
- A "Buy Manitoban" campaign was created to enhance key departmental priorities of supporting primary production and increasing value-added food processing.
- A successful trade mission to Japan marketed Manitoba's nutraceutical and functional foods capacity to the Japanese food-processing industry, and the newly formed Manitoba Agri-food Research Network will enhance departmental efforts to help this sector grow.
- MAFRI's Urban GO team was launched to provide a more visible connection between Manitoba's agri-food industry and urban consumers, and to foster relationships in the food-processing industry.
- Departmental commitment to rural development and economic growth included:
  - a new plan for rural economic development that focuses on opportunities in bio-energy, tourism, agriculture, natural resources, co-operative development, industry services and manufacturing, as well as new opportunities for aboriginal and northern communities;
  - strengthening of GO teams around the province;
  - funding support for the Junior Achievement Young Entrepreneur Program in rural and northern Manitoba, the Rural Development Institute at Brandon University, the Brandon Keystone Centre, and rural community improvement projects;
  - enhancement of the Rural Entrepreneur Assistance program;
  - work with communities to attract immigrants by providing settlement services and business opportunities.
- The department continued its highly successful delivery of workshops in environmental farm planning to producers, and introduced a green loan program for farmers to follow through on their environmental plans.
- Another new environmental initiative, increased staff and resources for the soil survey program, will ultimately result in detailed maps of the kinds of soils found across the province and their ability to support agricultural operations.
- A pilot project called Alternate Land Use Services, which pays producers for ecologically goods and services produced, was launched with departmental assistance and leadership.
- The department's continued support for health and wellness activities included increasing its support for the Northern Healthy Foods Initiative which assists northern Manitobans grow their own foods.
- A comprehensive emergency preparedness plan was established to protect animals and humans in the event of an animal disease outbreak such as avian influenza. Improvements were made to the provincial diagnostic laboratory, and a new program was introduced to offer free examination of birds to small-flock owners.
- Plans were developed to create an animal disease Emergency Operation Centre, with implementation scheduled for next year.
- The department held consultations with key stakeholders and conducted substantial analysis into proposed federal-provincial-territorial policy on agri-food that is intended to replace the current Agricultural Policy Framework in April, 2008.

Sustainable Development Integration

Under *The Sustainable Development Act*, each Department is required to integrate into its annual reporting process, information about progress in incorporating sustainable development into its activities.

A sustainable agricultural environment preserves and enhances national resources while providing maximum economic benefit within such a system of agriculture. Each Division in the Department has included a section on its sustainable development activities throughout the Annual Report, using the following principles of sustainable development set out by the Act:

- **Principle #1 - Integration of Environment and Economic Decisions**
- **Principle #2 - Stewardship**
- **Principle #3 - Shared Responsibility**
- **Principle #4 - Prevention**
- **Principle #5 - Conservation and Enhancement**
- **Principle #6 - Rehabilitation and Reclamation**
- **Principle #7 - Global Responsibility**

SECTION ONE

PART A

PROGRAM AND FINANCIAL INFORMATION

Appropriation 1
Policy and Management

The Policy and Management Division coordinates long-term policy and program development for Manitoba Agriculture, Food and Rural Initiatives (MAFRI). The Division conducts research and analysis and provides advice on government policies that affect the agricultural sector, the agri-food chain and the rural economy. Policy and Management provides statistics, industry intelligence, marketing, and production information to the general public and staff through a variety of mediums including the World Wide Web. In addition, the Division provides program analysis, facilitation, secretariat, information system technology and knowledge management services for the implementation of Departmental initiatives. Policy and Management provides support services and funding for the administration of various boards and commissions.

Appropriation 1 (a) - Minister's Salary

This expenditure provides additional compensation to an individual appointed to the Executive Council.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	30.3	1.00	30.4	(0.1)	
Total Sub-Appropriation	30.3	1.00	30.4	(0.1)	

Appropriation 1 (b) – Executive Support

Executive Support is responsible for providing leadership, direction, and communication in the effective implementation of department-wide goals and priorities. A key responsibility of this organizational unit is to advise the Minister on strategic and program options in compliance with government policies. Executive staff also ensure that all department resources are allocated in accordance with government policies and priorities. The assurance of value for money and efficient and effective program delivery remained a major priority of Executive Support.

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	527.1	9.00	527.7	(0.6)	
(2) Other Expenditures					
-Grants/Transfer Payments	12.9		12.9		
-Other	79.5		53.1	26.4	
Total Other Expenditures	92.4		66.0	26.4	
(3) Policy Studies	65.3		71.2	(5.9)	
Total Sub-Appropriation	**684.8**	**9.00**	**664.9**	**19.9**	

Appropriation 1 (c) – Strategic Planning Directorate

The Strategic Planning Directorate was created under the Growing Opportunities Initiative to focus the Department's efforts to strategically identify paths that will strengthen the agriculture and agri-food sectors, as well as rural and northern communities. The Directorate's specific objectives include: providing leadership and support in development of the Departmental Strategic Plan; fostering unit-level excellence in planning and consultations with stakeholders; supporting, monitoring, and reporting on implementation of strategic directions and policies for the Department; coordinating the Department's Emergency Management and Business Continuity plans; and integrating the strategic directions of the agriculture and food sectors and rural and northern communities into the overall departmental strategy.

The highlights of the Strategic Planning Directorate's 2006/2007 accomplishments include:

- Implemented a strategic planning process for the Department with a strong focus on internal and external horizontal policy management.
- Implementation of a three-year planning process for GO Centres and Knowledge Centres.
- Co-led "Creating Opportunities", a provincial consultation process on adding more value to Manitoba's natural, physical and cultural resources and assets.
- Built linkages with Health and Healthy Living to support Health and Wellness Priority.
- Developed the Department's macro performance measures and supported the GO Centres in the development of their success indicators.
- Coordinated the development of the Department's Emergency Response, including building capacity in all units for emergency response.
- Coordinated the development of business continuity plans for all levels of the Department.
- Developed the terms of reference for the Agri-Food and Rural Development Council.
- Supported the Agriculture Policy Framework's Renewal Programming and the development of the next generation of agriculture policy.
- Prepared the departmental strategy for aquaculture.
- Continued increasing natural cropping system awareness and positioned funding for initial research in Manitoba.

1 (c) Strategic Planning Directorate

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	393.9	6.00	500.1	(106.2)	1
(2) Other Expenditures	137.8		180.8	(43.0)	
Total Sub-Appropriation	**531.7**	**6.00**	**680.9**	**(149.2)**	

1. The under expenditure is mainly due to expenditure management to meet government's fiscal restraints and offset increased departmental program and operating costs.

Appropriation 1 (d) – Policy Analysis

Policy Analysis is a Knowledge Centre comprised of Agri-Food Policy, Rural Policy, and Program Analysis.

The primary objectives of the Policy Analysis Knowledge Centre are to provide research, analysis and advice on government policies that affect the agricultural sector, the agri-food chain and the rural economy.

The Policy Analysis Knowledge Centre (PAKC) provides program analysis, evaluation, facilitation, secretariat and technical services for various Departmental initiatives and for federal/provincial initiatives relating to the agriculture, and agri-food sector.

The PAKC develops management support documents on government's activities and responses related to the industry's economic issues.

Agri – Food Policy Analysis Section

During 2006/2007, Agri-Food Policy Analysis Section staff developed and monitored policies aimed at supporting the Manitoba agri-food industry. The section kept abreast of the agricultural economic situation and determined the effectiveness and impact of programs and policies on the industry.

Section staff supported the integrated national goals set under the Agricultural Policy Framework (APF), which is a five-year federal-provincial-territorial agreement in agriculture and agri-food ending March 31, 2008. The APF identifies the common goals or five key areas of agricultural policy and programming as Food Safety and Quality, Environment, Renewal, Science and Innovation, and Business Risk Management. Staff provided administrative support and program co-ordination to the Canada/Manitoba Implementation Agreement of the APF, including transitional programming. Staff also provided support to the Federal/Provincial Management Committee which is responsible for the implementation of various chapters under the APF.

The Knowledge Center was involved in the development of the Next Generation of Agriculture and Agri-food Policy, including working with industry to define Manitoba's priorities in the development of a future framework agreement. Staff assisted in national stakeholders consultations as well as initiated provincial led consultations.

Staff provided input to the ongoing development and review of the Canadian Agricultural Income Stabilization (CAIS) Program. This included participation in the federal/provincial/territorial Business Risk Management and CAIS Working Groups, as well as the National CAIS Committee and the provincial CAIS appeals subcommittee. Consultations were held with and input obtained from producer groups and the Manitoba Safety Nets Consultation Committee on Business Risk Management (BRM) programs. Staff helped coordinate CAIS information sessions for producers in 11 communities and for accountants in four communities across Manitoba during the year. They also participated in consultations and reviews on federal Business Risk Management initiatives, such as a revised cash advance program and proposed programs including production insurance for livestock, disaster relief and producer savings accounts. In addition, staff maintained responsibility for the budget and expenditures for CAIS.

There was continued participation on the Canada-Manitoba APF Environment Chapter Working Group and staff assisted in the development and evaluation of the Alternative Land Use Services (ALUS) Blanshard Pilot Project. Staff continued work on issues related to climate change mitigation and adaptation.

Staff consulted with industry, and provided advice on the World Trade Organization (WTO) negotiations on agriculture. Centre personnel worked with the federal/provincial governments on a number of domestic, bilateral and multilateral trade issues, such as:

- the Agriculture Chapter of the Agreement on Internal Trade, changes in US farm and border polices, and the Canadian WTO challenge of US subsidies.

Staff provided analytical support on the Canadian Wheat Board and single desk selling. Working with other government departments, staff prepared management reports on the economic impacts of the Canadian Wheat Board operations on farmers, rural and remote communities and the City of Winnipeg. Staff worked with farm groups and other provinces to develop informational documents on CWB activities to share with farmers across Western Canada. Agri-Food Policy staff also coordinated a plebiscite among wheat and barley producers on their preferences for single desk marketing. Finally, staff provided advice to the Manitoba government on grain marketing reform.

Staff consulted with shippers, western provinces and other government departments on rail service and *Canada Transportation Act* amendments for advice to the Manitoba government. In addition, staff consulted with rural communities, farm groups and other government departments on issues related to rail line abandonment.

Section staff are responsible for leading the development of a number of cost of production budgets on a annual basis. In the past year 18 Cost of Production workbooks were developed for such commodities as the major crops grown in Manitoba, beef, swine, and a number of other enterprises.

Staff contributed to a federal/provincial Economic Analysis Working Group studying the challenges and opportunities that are arising from trends and factors affecting the sector's long term prosperity and competitiveness. Throughout the year the farm income situation was monitored. A comprehensive review and management reports on the performance of each sector are then prepared.

Staff provided input on a number of other issues including:

- Trade advocacy
- Tri-national accord on trade
- Agri-energy and bio-products
- Fair and ethical business practices in the fruit and vegetable industry
- Grain marketing and handling
- Transportation and rail line abandonment
- Farm taxation
- The Food Charter
- Wildlife damage compensation review
- Amendments to the federal Cash Advance program

Staff provided support to the Agri-Food Research and Development Initiative (ARDI) Council. Staff also participated in regional and provincial meetings to update producers and staff on agricultural policy issues.

Rural Policy Analysis Section

During 2006/2007, Rural Policy Analysis Section staff developed and monitored policies aimed at supporting rural communities and citizens in Manitoba. Rural Policy staff worked with other Knowledge Centres and Divisions within the Department, especially the Economy and Rural Development Knowledge Centre. They also worked with other Departments, other levels of government and community groups working on community and economic development (CED) issues in rural Manitoba. The section kept current on rural issues and determined the effectiveness and impact of programs and policies on rural communities.

Section staff supported the inclusion of infrastructure policy in the Next Generation of Agricultural and Agri-Food Policy, as there has not been any further progress in developing a proposed National Rural Framework (NRF).

Rural Policy Analysis staff continued their work on the Creating Opportunities Consultations. The Task Force Public Report was released in November 2006 and staff have been active in communicating the findings of the report within MAFRI and to other departments.

Rural Policy staff also co-managed the Rural Development Institute (RDI) agreement with the Economy and Rural Development Knowledge Centre. Staff worked with an interdepartmental team to develop a new five year agreement with RDI that reflects the new priorities and structure of MAFRI. Staff also participated in the ICRPS (International Comparative Rural Policy Studies) Summer Institute hosted by RDI in July of 2006.

Staff co-chaired Rural Team Manitoba (RTM) with a federal counterpart from Western Diversification until December 2006. The Manitoba co-chair role has now been assumed by the Economy and Rural Development Knowledge Centre. Representatives of RTM (a part of Rural Team Canada) work together to understand and respond to the needs of rural, remote and northern citizens by building networks and providing support at the community level.

Input was provided by staff on a number of other issues including rail line abandonment and the assessment of commercial and industrial buildings in agricultural areas.

Staff acted as a resource to the internal MAFRI Community and Economic Development (CED) and Aboriginal Teams and also represented MAFRI on the interdepartmental CED committee led by the Community and Economic Development Committee of Cabinet.

Program Analysis Section

Program Analysis Section staff were involved on the Internet Management Committee that provided leadership in coordinating information on the Department's Home Page. During 2006/2007, Program Analysis coordinated and edited an updated version of the Programs and Services profiles found on the Department's Home Page. These profiles inform readers about client services available through the Department.

Program Analysis staff were responsible for editing several management documents for submission to central government, and prepared responses to information requests from other governments and departments.

The Program Analysis Section also plays a leadership role for all components of the Succeeding Generations Initiative. This program is aimed at providing support to young and beginning farmers as well as for intergenerational transfer issues and include mentoring, a financial component through Manitoba Agricultural Services Corporation (MASC) called the Bridging Generations Initiative, and an awareness program that includes The Young Farmers Newsletter and the Young Farmers Website as communication vehicles. The Young Farmers Newsletter published three issues in 2006/2007 that profiled dynamic young farmers and provided information about Departmental and MASC programs.

1 (d) Policy Analysis

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	1,312.9	20.00	1,332.1	(19.2)	
(2) Other Expenditures	387.1		384.9	2.2	
Total Sub-Appropriation	**1,700.0**	**20.00**	**1,717.0**	**(17.0)**	

Appropriation 1 (e) – Knowledge Management

The Knowledge Management Knowledge Center (KMKC) is composed of two sections: Knowledge Management and Industry Intelligence. Its mandate is to provide leadership, training and support in effective management and delivery of MAFRI's informational resources linked to departmental programs and activities.

- In 2006/2007, the KMKC provided statistical information in agriculture and agri-food economics, production, marketing and socio-economic analysis in electronic and print format to internal/external staff and the agricultural industry.

- KMKC staff integrated knowledge management processes into the activities of the Department, managing and promoting the use of the internal Knowledge Management Warehouse as well as defining alternative information access methods (or multi-channel access) for the Department's clients.

- The Centre delivered industry intelligence services associated with ag-economic analysis, agriculture and agri-food trends and socio-economic statistics to department staff, industry and the general public. This included timely information, analysis and economic forecasting of supply, demand and price outlooks on domestic and international markets for grains, oilseeds and livestock.

- Staff facilitated the development of systems and procedures to standardize information storage including databases that are systematically organized to facilitate searching, browsing and retrieval.

- The Centre provided overall leadership in developing a Knowledge Management strategy in support of Departmental business needs, organizational objectives and processes to meet emerging information, data and technology demands.

- Staff continued to provide development and support services for knowledge distribution including publication distribution, internet and intranet home page administration and coordination, developing specific procedures for knowledge creation, knowledge sharing and knowledge utilization of marketing and production information for the general public and staff.

Performance Indicators

- KMKC integrated procedures have resulted in a base classification system encompassing 41 categories for use in business process reviews and the collection, categorization, management and utilization of knowledge into Departmental activities.

- A highlight this year was the implementation of a knowledge warehouse to act as an informational repository for the collection and access of MAFRI knowledge.

- Publication distribution in 2006/2007 included 698 listings and Departmental web site incorporated over 8,700 files of information and knowledge accessible to staff and the public. The procedures initiated by the KC for redesign of the Departmental Home Page resulted in over 6.1 million hits.

- Over the year, the KMKC facilitated six major requests for identification and implementation of technologies utilizing software tools to support information sharing systems and knowledge integration throughout the Department, including the Crown Corporation and Special Operating Agency.

- In response to the Information Communications and Technology (ICT) restructuring project, several new management processes were established to facilitate re-alignment in technology service delivery which enabled staff to continue providing consultation, evaluation and recommendation of services linked to new systems and processes that improved overall workspace utilization and supported training and knowledge needs. Work was initiated to enhance collaboration capabilities.

- A significant activity for the KC over 2006/2007 was managing knowledge on historical activity, trends and performance, vertical linkages and horizontal interactions across sectors in order to prepare ad hoc analysis for specialists and executives as they reviewed existing programs and developed new programs. Staff continued to monitor the crops and livestock industries closely and provided public information through 52 weekly crop and livestock reports, 15 statistical fact sheets and the Agricultural Yearbook.

- KMKC staff participated in five federal/provincial meetings to coordinate statistical knowledge and information analysis with federal and provincial counterparts in developing measurements of agricultural activity, sector performance and economic strength. Additional responsibilities included 60 on-going commodity price consultations and 10 analysis-specific consultations.

1 (e) Knowledge Management

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	1,363.9	20.00	1,490.4	(126.5)	
(2) Other Expenditures	234.2		233.1	1.1	
Total Sub-Appropriation	1,598.1	20.00	1,723.5	(125.4)	

Appropriation 1 (f) – Boards, Commissions & Legislation

The Boards, Commissions and Legislation is a Knowledge Centre and includes the following council, agency, boards and commission:

- Manitoba Farm Products Marketing Council
- Manitoba Farm Machinery Board
- Manitoba Farm Practices Protection Board
- Manitoba Farm Lands Ownership Board
- Manitoba Milk Prices Review Commission
- Agricultural Producers' Organization Certification Agency
- Manitoba Farm Mediation Board
- Manitoba Horse Racing Commission

The Boards, Commissions and Legislation Knowledge Centre is responsible for:

- regulating the production and marketing of certain agricultural commodities;
- providing mediation services;
- reviewing nuisance complaints arising from agricultural operations;
- considering applications to own farmland by non residents;
- setting producer prices;
- providing a mechanism to fund research and promotion activities;
- regulating horse racing.

Manitoba Farm Products Marketing Council

The objective of the Manitoba Farm Products Marketing Council is to provide effective administration of *The Farm Products Marketing Act*. The Council is responsible for supervising the operations of various boards and commissions and enforcing the regulations. It serves as an appeal body for individuals affected by a regulation, order, or decision of the boards and commissions.

During 2006/2007, the Council supervised the following boards and commissions:

- Manitoba Beekeepers' Association
- Manitoba Cattle Enhancement Council
- Dairy Farmers of Manitoba
- Peak of the Market
- Keystone Potato Producers Association
- Manitoba Broiler Hatching Egg Commission
- Manitoba Chicken Producers
- Manitoba Egg Producers
- Manitoba Pork Council
- Manitoba Turkey Producers

The Council convened nine meetings at which one appeal was heard, and seven delegations made presentations. The Council's activities were primarily focused on:

- finalizing the implementation of a marketing plan for processing potatoes;
- assessing proposed marketing plan amendments for hogs;
- establishing the administration of quota transfers and allocation of overbase quotas in the poultry industry;
- investigating the complaint by the Hutterian Brethren respecting the administration of quotas by the Poultry Boards;
- reviewing proposed amendments to various Orders, Regulations and By-laws;
- undertaking inspections for non remittance of levies for hogs;
- participating in Federal-Provincial meetings regarding revised Federal-Provincial Agreements.

As part of its statutory responsibilities, the Council reviewed and approved the following orders, regulations and by-law:

Dairy Farmers of Manitoba

- Milk Quality Regulation — M.R. 132/2006

Keystone Potato Producers Association
- Processing Potato Processor Designation Order — M.R. 261/2006

Manitoba Cattle Enhancement Council
- Cattle Enhancement Fee Regulation — M.R. 172/2006

Manitoba Chicken Producers
- Chicken Broiler Exemption Order — M.R. 116/2006
- Chicken Broiler Quota Order — M.R. 228/2006

Manitoba Pork Council
- Administration By-law 1/2006

Peak of the Market
- Potato Quota Order — M.R. 2/2007

By Order in Council 429/2006, dated October 11, 2006, the Manitoba Processing Potato Marketing Plan Regulation was approved, establishing Keystone Potato Producers Association. The purpose of the regulation is to establish a formal structure that will focus on achieving growing agreements between producers and processors, prior to the planting of potatoes in the spring of each year. The regulation provides for the establishment of a producer/processor committee for each designated processor and describes a process by which producers and processors mutually determine a fair basis for the sale and purchase of processing potatoes.

The Manitoba Pork Council proposed three amendments to the Manitoba Hog Producers' Marketing Plan Regulation, namely grading and auditing of plants, transportation and penalties. The proposed amendments remain under discussion.

The Council held several meetings with representatives of the Poultry Boards to discuss the inconsistencies by which quotas were being administered and in contravention of the authorities within their Quota Orders. Following the discussions, the Poultry Boards were directed as follows:

- New quota is to be allotted on the basis of 50% to existing producers and 50% to new producers.
- Three conditions to be eligible to receive a new quota allotment, in addition to the existing conditions (registered owner or sole operator of a facility that meets all of the requirements or standards for buildings, equipment, operation, egg storage, and animal care) are to be added as follows:

i) new quota must be utilized within a 12 month period or returned to the Board.
ii) registered producers will not be permitted to relinquished new quota on the Quota Exchange if unable to utilized within the 12 month period.
iii) all new quota must be utilized for a minimum of five years before being permitted to be relinquished by a quota re-allotment option.

- The existing provision that only in the event of an unforeseen contingency will a producer be permitted to re-locate the quota to another location is to be amended to require the prior approval by the Council. Additional consideration is to be given to extending this provision in a similar fashion to the sale of assets (land, buildings equipment, shares) that would require a registered producer to utilize for five years before relinquishing.

The Hutterian Brethren took issue with the Poultry Boards' quota administration schemes on the basis that by not recognizing individual Hutterian family units, the Poultry Boards were economically discriminating against the Hutterian Brethren. Additionally, the Hutterian Brethren complained that the Poultry Boards' prohibition against consolidation of quota before five years prevented Hutterite colonies in Manitoba from purchasing whole farms while, at the same time, maintaining their religious beliefs within a communal organization.

Having reviewed the correspondence, written submissions and hearing the oral presentations of the Hutterian Brethren and the Poultry Boards, the Council concluded that its ability to address the issue of discrimination as raised by the Hutterian Brethren was limited to a general consideration of fairness within the purview of the Council's expertise in matters relating to production and marketing quotas for poultry in Manitoba. Within the scope of this expertise, the Council concluded that the current quota administration schemes of the Poultry Boards implemented the objectives of their respective Marketing Plans in a manner which apply to all persons fairly and equally and that the Hutterian Brethren were not being unfairly treated by the Poultry Boards.

Manitoba Pork Council provided evidence to the effect that only 10% to 15% of the levies are remitted based on the number of weanlings exported to the U.S. As a result, inspections were carried out on six producers/marketers and a total of approximately $50,000 in levies owing has been remitted to the Manitoba Pork Council.

Manitoba Milk Prices Review Commission

The Manitoba Milk Prices Review Commission was established under *The Milk Prices Review Act*, 1980. The Commission's mandate is to set a producer price for fluid milk, and to monitor and control wholesale and retail milk prices as required. In 2006/2007, the Commission convened five meetings and one conference call. On September 11, 2006 the Commission agreed to decrease the fluid milk price for producers by $.74/hl from $75.26/hl to $74.52/hl effective October 1, 2006. This decrease was the result of a decrease in hay and barely prices and a decrease in herd replacement costs. The Commission also agreed not to change the maximum wholesale and retail prices for fluid milk sold in one litre containers as a result of increasing processing costs which have not been reflected in the Manitoba Dairy Farm Cost of Production (COP) Summary over the past few years.

On February 14, 2007 the Commission agreed to increase the fluid milk price for producers by $2.48/hl from $74.52/hl to$77.00/hl effective March 1, 2007. The increase was the result of an increase in hay and barely prices. As a result, the Commission also agreed to increase the maximum wholesale and retail prices for fluid milk sold in one litre containers by two cents effective March 1, 2007.

The Western Milk Pool Fluid Milk Action Committee met on several occasions over the past year to discuss the concept of one producer fluid milk price across Western Canada. This Committee has reviewed numerous options on establishing a single producer's fluid milk price across the west and producers and processors have agreed to try and resolve this issue by September 2007.

Manitoba Farm Machinery Board

The Farm Machinery Board administers *The Farm Machinery and Equipment Act*, involving the Board with all segments of the farm implementation industry: producers, dealers, distributors, and manufacturers. In 2006/2007, eight conference calls were held. *The Farm Machinery and Equipment Act* requires lenders financing farm machinery by means of a lien note security document, to apply to the Board for leave to repossess when an account falls under arrears and before repossession can occur. Manitoba is the only jurisdiction in Canada requiring a quasi-judicial body's judgment before farm machinery repossession can occur.

In 2006/2007, the Board received and processed 104 applications for leave to repossess, an increase of 17 (20%) over the same period in 2005/2006. The Board licensed 136 dealers and 86 vendors.

Agricultural Producers' Organization Certification Agency

The Agricultural Producers' Organization Funding Act requires that the Agency certify one general farm policy organization and provide a funding mechanism for designated commodity organizations. The Agency convened one meeting in 2006/2007.

Each year the Agency conducts a review with each designated commodity association to consider their activities from the past year and to be informed about their anticipated funding projects for the upcoming year. The Agency held such a meeting on June 21, 2006 with the following designated commodity associations: Manitoba Canola Growers Association, Manitoba Forage Seed Association, Manitoba Pulse Growers Association, Manitoba Corn Growers Association, Manitoba Sheep Association, National Sunflower Association of Canada, and the Manitoba Buckwheat Growers Association.

On December 15, 2006 the Agency conducted a referendum amongst winter cereal producers in Manitoba to determine if the Winter Cereals Manitoba Inc. would be approved as the designated representative of winter cereal producers in the province. The Winter Cereals Manitoba Inc. received 47.6% support from winter cereal producers which fell short of the legislative minimum requirement of 60%. Therefore, the Winter Cereals Manitoba Inc.'s request was unsuccessful.

Manitoba Farm Practices Protection Board

The Farm Practices Protection Act establishes a process for reviewing and mediating disputes arising from practices of legally established agricultural operations. The Act is intended to protect agricultural operations that are conducting their activities in a normal manner, as well as to bring about changes in practices that are unacceptable and disturb neighbours.

During 2006/2007, the Board convened two meetings at which three odour complaints were considered and orders rendered. The complaints related to odour disturbances emanating from hog operations. The Board upheld all three complaints against the hog operations which were ordered to modify their farm practices to be consistent with normal farm practices.

To ensure compliance with its Orders, the Board undertakes an annual inspection of the agricultural operations which were ordered to modify their farm practices. All agricultural operations were found to be in compliance.

The Agricultural Guidelines Development Committee is mandated to develop guidelines for livestock operations that form the basis of regulations and functioning of the Board. The Guidelines describe manure management systems and practices designed to protect the environment, reduce the risk of pollution and minimize the odours experienced by neighbours. The Committee completed the updating of the Farm Practices Guidelines for Pig Producers in Manitoba.

Manitoba Farm Mediation Board

The Manitoba Farm Mediation Board conducts the program delivery activities of *The Family Farm Protection Act*. The Board assists farmers in improving and sustaining their farming operations under difficult economic conditions through mediation with their creditors, financial counselling, and loan payment guarantees.

During 2006/2007, the Board received 114 applications from both farmers and lenders for assistance in resolving financial difficulties. These applications resulted in:

- 110 new mediation cases
- 68 cases in progress from the previous year, for a total of 178 cases for mediation
- A total of 108 cases were completed during the year, with 70 requiring formal mediation. Of those, 43 resulted in an agreement (a 62% success rate).

The Board administers the Special Farm Assistance Fund. The fund was established to help producers obtain an arrangement involving continued credit or a leaseback of property conveyed to creditors. There are four programs available under this fund, three of which were accessed by producers in this fiscal year.

The Board approved new guarantees for six farm clients in 2006/2007, with a total liability of $242,473.00 over a maximum four-year period.

- There were 16 farmers who had guarantees during the year, with a total potential liability of $206,329.
- The actual amount paid was $35,709.70 or 17.3 % of the liability.
- When a payment is made on a guarantee, a caveat is placed against the farmer's property. If the farm land is sold by the farmer within five years of a Board payment and there is equity available, the farmer is required to repay to the Board the lesser of the amount paid under the guarantee and the value of the equity in the land. In 2006/2007, $10,000 was recovered.

In order to qualify for a guarantee, the operation must demonstrate viability and the producer, lender, and board must agree to a farm financial plan.

The Board held seven meetings and one conference call to review activities and policy issues, and to consider guarantee requests.

Farm Lands Ownership Board

The Farm Lands Ownership Board considers applications for exemption under *The Farm Lands Ownership Act*, from non-Canadians and public organizations interested in acquiring Manitoba farm land. The objective of the Act is to ensure that farmland resources are preserved for existing and future generations of Canadians.

The Act allows unrestricted ownership by all Canadian citizens and permanent residents, strictly Canadian owned organizations, and qualified immigrants. Individuals or corporations not qualifying for unrestricted ownership are limited to 40 acres of farmland unless they receive an exemption from the Board.

The Board met seven times in 2006/2007 to consider applications for exemption and to review policy issues. In 2006/2007, of the 39 applications for exemption received:

- 17 involved non-Canadian individuals and corporations.
- 22 were comprised of Canadian-based corporations and other organizations with some non-Canadian interests.
- 32 were approved, five were declined, one was withdrawn and one was tabled. Some of the approvals were made subject to certain conditions, such as becoming Canadian residents.

Manitoba Horse Racing Commission

The Manitoba Horse Racing Commission is responsible for controlling and regulating horse racing and the operation of race tracks in Manitoba. The commission confines its regulatory responsibilities to only those race tracks offering pari-mutuel racing.

The total combined and simulcast wagering for the year at Assiniboia Downs was $30,986,328, a decline of approximately $1,000,000 from the previous year. The Manitoba Great Western Harness Racing Circuit raced 22 days with an average daily wagering of $5,340 compared to $5,867 the previous year. There were a total of four Quarter Horse races run at Assiniboia Downs and no similar races were run in rural Manitoba.

1 (f) Boards, Commissions and Legislation

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	373.6	7.00	439.6	(66.0)	
(2) Other Expenditures	498.2		662.6	(164.4)	
(3) Grant Assistance - Special Farm Assistance	35.7		100.0	(64.3)	1
Total Sub-Appropriation	**907.5**	**7.00**	**1,202.2**	**(294.7)**	

1. The under expenditure is mainly the result of fewer Manitoba Mediation Board guarantees being advanced.

Appropriation 1 (g) – Financial and Administrative Services

The Financial and Administrative Services Branch provides management, financial and administrative support to Manitoba Agriculture, Food and Rural Initiatives (MAFRI) programs. This support is provided by Administration, Accounting Services, and the Financial Administration unit. The Branch undertakes corporate review, comptrollership and agency accountability to provide assurances that financial management practices, systems, delegated authorities and processes are functioning to support accountability and expenditures are in compliance with policies, procedures, acts and legislation.

The branch provides leadership in developing, and administering financial and administrative support systems by way of financial planning, control, management, and reporting in the department. With the implementation of SAP, and the subsequent decentralization of financial authority and operational responsibility, the branch has developed a comptrollership framework resulting in controlled processes being implemented for the department. This framework will further ensure the efficient utilization and administration of the province's fiscal and human resources within MAFRI. Staff also provide leadership and strategic direction to Service Manitoba and Treasury Board initiatives such as Sustainable Development Procurement.

Administrative branch staff coordinate procurement activities including purchasing cards; acquisition of departmental assets; departmental fleet vehicles; parking program; physical resources such as office equipment; accommodation requirements; requests under The Freedom of Information and the Protection of Privacy Act (FIPPA), which involved processing 15 applications; records management activity; administration of contracts and guidelines; workplace safety and health activity; and learning and development in the department. Staff are also responsible for the compilation and editing of the Department's Annual Report, the Legislative Estimates Debate, and Supplementary Information for Legislative Review.

Staff continued to support the French Language Services Plan by coordinating and monitoring departmental publications for translation, including publications for the Manitoba Agricultural Services Corporation (MASC).

Accounting Services staff processed revenue and central based expenditures in accordance with legislative, departmental, and central requirements. Expenditure and transfer payments involving the Manitoba Agricultural Services Corporation (MASC), the Net Income Stabilization Account (NISA), Accommodation and Cost Recovery, Manitoba Telecom System, Mail Management Agency, Desktop, procurement cards, and other special payment requests such as the Canadian Agriculture Income Stabilization (CAIS) were processed. Approximately 3,000 transactions were processed in operating and capital expenditures; along with branch/division audits and year-end accrual entries. All payments were processed electronically.

The department signed the Canada/Manitoba Agricultural Policy Framework (APF) in 2004/2005 and the Branch is responsible for reporting and tracking the provincial contribution.

The Financial Administration unit provides management, financial, program, and related systems research and analysis as well as recommendations for the department, cabinet, and Treasury Board on a timely basis. Staff compiles annual estimates, monthly cash flows, capital supply estimates, management reports, fund transfers, and financial information for various information requirements for the Annual Report, Treasury Board reviews, and the Legislative Estimates Debate within established time frames. Staff also provides cash management support and the coordination of cost centre and internal order development.

Sustainable Development

In 2006/2007, the Financial and Administrative unit provided administrative direction and support to the Principles and Guidelines of Sustainable Development

Shared Responsibility and Understanding (Principle #3)
Staff education and awareness was maintained through communication on sustainable procurement activities and practices in the department through administrative representatives in each Branch and Knowledge Centre in the department

Global Responsibility (Principle #7)
Staff participated in various central government committees and working groups such as the Green Building Committee, to provide input into sustainable government practices

1 (g) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	$(000s)	Variance Over/(Under) $(000s)	Expl No.
(1) Salaries and Employee Benefits	630.3	13.00	814.5	(184.2)	
(2) Other Expenditures	196.3		348.3	(152.0)	1
Total Sub-Appropriation	**826.6**	**13.00**	**1,162.8**	**(336.2)**	

1. The under expenditure is mainly due to expenditure management and limiting discretionary expenditures to offset increased departmental program and operating costs

Appropriation 1 (h) - Human Resource Management Services

Human Resource Management Services is responsible for the development, implementation, administration, and monitoring of departmental human resource programs and systems for Manitoba Agriculture, Food and Rural Initiatives (MAFRI). Elements of these programs include:

- Recruitment and selection
- Wage and salary administration
- Staff training and development
- Performance review/evaluation
- Employee relations
- Personnel records
- Benefits administration and payrolls

In addition, the branch provides human resource advice and assistance to the management of the Food Development Centre (FDC).

During 2006/2007, the branch assisted in filling 101 positions. The branch also assisted with the recruitment of 58 summer students and two part-time winter students.

Human Resources assisted in implementing the Voluntary Reduced Work Week Program (VRW) in which 72 staff participated with a total of 521 VRW days taken during 2006/2007.

The branch also continued to assist with human resource issues associated with the implementation of Growing Opportunities.

The branch continued to administer the Department's pay/benefits system and classification system, and maintained payroll records for staff. Leadership for comprehensive human resource services were provided, and coordinated for MAFRI and FDC.

Human Resource Management Services continued to support the French Language Services Plan to ensure that French language staffing initiatives met strategic needs.

Employment Equity continued to be a selection criterion in the recruitment process. As of March 2007, the department's representation in the Employment Equity target groups was - 57.7% Female, 1.2% Aboriginal, 3.1% Persons with Disability, and 3.3% Visible Minority.

Specialized training (versus general training) continued to be the focus, concentrating on areas such as:

- Growing Opportunities Training
- Professional/Technical Update
- Management Update
- Orientation Program
- Legendary Service
- Leadership Development
- Extension
- Workplace Health & Safety
- Information Technology
- Systems Applications Product (SAP) training
- Respectful Workplace
- Managing Under the Collective Agreement/Performance Management

Branch staff assisted in the resolution of various labour relations issues in consultation with department management, supervisors, and employees, as well as Labour Relations and the Manitoba Government Employees Union.

The Human Resource Branch is part of an amalgamated human resource unit for the departments of Manitoba Agriculture, Food and Rural Initiatives, Manitoba Conservation, Manitoba Water Stewardship, and Manitoba Intergovernmental Affairs and Trade. Each department maintains on-site Human Resource Management Services. However, the Pay and Benefits section for all three departments is amalgamated.

1 (h) Human Resource Management Services

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	346.0	5.00	334.9	11.1	
(2) Other Expenditures	42.3		50.0	(7.7)	
Total Sub-Appropriation	388.3	5.00	384.9	3.4	

Appropriation 2
Risk Management, Credit and Income Support Programs

Appropriation 2 (a) - Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation (MASC) provides risk management solutions for farmers, financing options for agricultural and rural businesses, and other programs and services that support the development and sustainability of rural Manitoba. MASC's governance and responsibilities are outlined in *The Manitoba Agricultural Services Corporation Act*.

Insurance

MASC is responsible for developing and delivering Production Insurance in Manitoba. In 2006/2007, about 13,100 farmers (over 9,700 separate production units) were insured with a total liability of $1.03 billion. Insurance was provided on 56 different crop types, covering nine million acres. Over 85% of Manitoba's cultivated land is covered by Production Insurance.

MASC offers separate spot loss insurance for hail losses. Farmer premiums cover all of the related costs, including administration. In 2006/2007, 3,900 farmers were insured with a total liability of $364 million.

Lending

MASC provides direct loans, operating loan guarantees, livestock association loan guarantees, and diversification loan guarantees to the agricultural industry. Special emphasis is placed on young and beginning farm operations. MASC also focuses on farm diversification and value-added production, which are vital to the future of rural communities.

MASC provides Young Farmer Rebates and Management Training Credits to eligible young farmers (39 years of age and under). In 2006/2007, payments from these programs totalled $1.3 million.

During 2006/2007, MASC's lending activity included 694 loans totalling $54.1 million. A total of 257 guarantees were approved on $101.7 million of loans, with the contingent liability of these guarantees being $25.4 million. In addition, MASC administers the Rural Entrepreneur Assistance (REA) program. As part of the Rural Economic Development Initiative, REA's 2006/2007 activity involved providing guarantees on $1.9 million of loans (contingent liability of $1.5 million) to small businesses in rural Manitoba.

As of March 31, 2007, MASC was involved in a total lending portfolio of $646 million. This includes 6,891 loans totalling $330 million and 543 loans with guarantees totalling $316 million.

Other Initiatives

MASC provides inspection services and administers a number of other initiatives.

The Wildlife Damage Compensation Program provides compensation for losses to agricultural products caused by big game animals and migratory waterfowl. Compensation is also paid for domestic animals killed or injured by natural predators. Over 2,200 claims were paid in 2006/2007, totalling $1.4 million.

The Alternative Land Use Service (ALUS), an ecological goods and services research project in Manitoba, was administered by MASC on behalf of the Province of Manitoba and the Government of Canada in 2006/2007. The goal of this pilot project is to evaluate the concept of paying farmers for

specified land management practices that have environmental benefits. A total of $294,000 was paid to participating farmers in 2006/2007.

More information on MASC's 2006/2007 insurance activities and lending results can be found in the MASC Annual Report.

2 (a) Manitoba Agricultural Services Corporation

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments:					
(1) Administration	8,772.1	150.00	10,094.5	(1,322.4)	1
(2) Insurance Premiums	28,268.3		27,065.0	1,203.3	
(3) Wildlife Damage Compensation	714.7		732.4	(17.7)	
(4) Net Interest Costs, Loan Provisions and Program Incentives	1,053.7		1,571.0	(517.3)	2
Total Sub-Appropriation	**38,808.8**	**150.00**	**39,462.9**	**(654.1)**	

1. The under expenditure authority is mainly due to 2006/07 being a significantly lower than average claim year, as well as the deferral of costs pending the implementation of Manitoba Agricultural Services Corporation's (MASC) new strategic plan.

2. The under expenditure is due to higher than expected investment and loan interest income and lower than expected costs related to program incentives. These decreases were partially offset by a net increase in loan and guarantee provisions.

Appropriation 2 (b) – Canadian Agriculture Income Stabilization Program (CAIS)

The CAIS Program is a national safety net program that aids farmers to stabilize their incomes based on their own past results. It provides cash assistance when the farm's current year margin (a proxy of income) drops below the farm's reference period margin. Producers and governments share in covering the drop, with the government share increasing as the drop deepens.

The CAIS Program is one of the two core programs under the Business Risk Management component of the Agricultural Policy Framework, the other being Production Insurance. The government portion of CAIS is funded by the federal and provincial governments on a 60/40 basis. The program was implemented as of the 2003 tax year, and is governed by the Canada-Manitoba Implementation Agreement which has a five year renewable term.

The federal government in Winnipeg administers CAIS for Manitoba. In 2006/2007 producers provided financial information for the 2005 tax year, and signed up for coverage for the 2006 tax year. Payments were made to producers who incurred a drop in margin in 2005, and interim payments for 2006 were made available.

For the 2005 program year (as of July 29, 2007):

- 17,659 Manitoba producers selected coverage, with 8,850 receiving a payment.
- The total payments made were over $261.0 million, of which Manitoba's share is $104.4 million.
- In addition, Manitoba's share of administration costs amounted to approximately $3.4 million.

For the 2006 program year (as of July 29, 2007):

- 12,104 Manitoba producers paid a new coverage fee to participate in the program.
- 561 producers had received approximately $19.5 million in interim payments.
- Final payments will begin flowing to producers in 2007/2008.

The 2006/2007 appropriation is for the 2006 CAIS program year. As the information required to calculate the payments is not available until the following year, program payments are estimated at year end. Net farm income for the industry improved in 2006, returning to levels experienced in the years prior to 2005. Better financial returns were experienced by crop producers in 2006 who had suffered from flooding and excess moisture in 2005 but lower hog prices resulted in decreased income for producers in that sector.

MAFRI was also a participant in the Manitoba CAIS Appeals Sub-Committee in 2006/2007, which provided recommendations on 148 formal appeals by producers for the 2003, 2004, and 2005 program years.

2 (b) Canadian Agricultural Income Stabilization Program

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	74,279.7		48,905.7	25,374.0	1
Total Sub-Appropriation	**74,279.7**		**48,905.7**	**25,374.0**	

1. The over expenditure is mainly due to estimated margin declines in the livestock industry, which are a result of increase in feed costs and lower prices. This is partially offset by expected improvements in crop returns.

Appropriation 2 (c) – Livestock Industry Development Assistance

The Livestock Industry Development Assistance (LIDA) fund was used to support strategic activities, which fostered the sustainable expansion of the beef sector within the livestock industry. In particular, the $1,000 LIDA fund supported the strengthening and stabilization of beef sector incomes by facilitating the development of new markets and clients for livestock and meat products. This was made possible through projects like the Canadian Traceability Pilot Project, the Dauphin Wastewater Treatment Facility, BJ Packers feasibility study, and Dauphin Meat Processors expansion.

2 (c) Livestock Industry Development Assistance

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	647.3		1,000.0	(352.7)	1
Total Sub-Appropriation	**647.3**		**1,000.0**	**(352.7)**	

1. The under expenditure is mainly the result of less feasibility studies and proponents not coming forward because of industry issues such as higher cattle prices which reduced interest in developing provincial slaughter facilities.

Appropriation 2 (d) - Farmland School Tax Rebate

The primary objective of the Farmland School Tax Rebate (FSTR) is to foster increased equity among rural land owners in support of education costs. A further objective is to reduce input costs, thereby increasing farm net income.

In 2005/2006, responsibility for the administration of the FSTR was transferred from the Manitoba Department of Finance to MASC. The 2006 program provides a rebate of 60% of the school tax paid on Manitoba farmland. This is an increase from a 50% rebate in 2005 and a 33% rebate in 2004. Landowners have three years to apply for their rebate. The full cost of the program is paid by the Manitoba Government. As of March 31, 2007, MASC had processed over 30,000 applications for the 2006 program, with total rebates of $21.6 million.

2 (d) Farmland School Tax Rebate

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	26,234.5		24,600.0	1,634.5	1
Total Sub-Appropriation	**26,234.5**		**24,600.0**	**1,634.5**	

1. The over expenditure is mainly due to a general increase in school taxes.

Appropriation 2 (e) – Less: Recoverable from Rural Economic Development Initiatives

The primary objective of this program is to provide for the recovery of expenditures related to:

- Livestock Industry Development Assistance program.
- Funding support to Manitoba Agricultural Services Corporation (MASC) related to the Rural Entrepreneur Assistance and the Community Works Loan Programs, from the Rural Economic Development Initiatives Program.

2 (e) Less: Recoverable from Rural Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Recoverable from Rural Economic Development Initiatives	(1,088.6)		(1,542.6)	454.0	1
Total Sub-Appropriation	**(1,088.6)**		**(1,542.6)**	**454.0**	

1. The reduced recovery from Rural Economic Development Initiatives is due to less expenditures under the Livestock Industry Development Assistance program (see explanation in Appropriation 2(c)).

Appropriation 3
Agri-Industry Development and Innovation

The Agri-Industry Development Division includes the following Knowledge Centres: Livestock, Crops Industry, Land Use Planning and Policy, Agri-Environment, Chief Veterinary Officer/Food Safety, and Agri-Food Innovation and Adaptation. The Division also provides joint oversight, along with Manitoba Labour and Immigration, for the Farm Safety Coordinator.

The Knowledge Centres provide technical support, leadership, specialized services and information to staff, producers, and industry to enhance the development of Manitoba's agri-food industry and rural economy. They develop and extend leading-edge knowledge in specialized areas that also provide advice on the control and prevention of crop and livestock diseases. They administer the various laboratories and programs including the veterinary and crop diagnostic laboratories, as well as providing advice and professional support in the areas of agronomy, livestock production, veterinary science, food safety, environmental sustainability, diversification, research, innovation and adaptation. The Knowledge Centres provide liaison and co-ordination of research with provincial and federal agri-food research agencies.

Agri-Food Research and Development Initiative

This initiative provides funding for an agriculture development and research initiative aimed at enhancing diversification and value-added opportunities in Manitoba's agri-food sector.

Agricultural Sustainability Initiative

This initiative provides funding assistance and support to provincial and local organizations to encourage the adoption of sustainable agricultural practices.

Grants to the University of Manitoba and the Prairie Agricultural Machinery Institute

These grants provide funding in support of agricultural research.

Appropriation 3 (a) – Livestock Industry

The mandate for the Livestock Industry Knowledge Centre (LIKC) is to further develop the primary and secondary livestock industries in Manitoba through support in the areas of farm production, business development, and disease diagnosis. Responsibilities of the Knowledge Centre are provincial, national, and international in nature. The structure of the LIKC includes three sections:

- Farm Production Extension (FPE)
- Industry Focus (IF)
- Veterinary Diagnostic Services (VDS)

The FPE Section provided livestock programs, support, expertise, and resources in livestock production and animal health to GO Teams, producers, veterinarians, industry groups and other stakeholders.

The Industry Focus (IF) Section worked with GO Teams Branch, other Knowledge Centre business development specialists, industry groups, processors, stakeholders, and others to expand both primary production and secondary livestock industries in Manitoba.

The VDS Section operated the veterinary laboratories working closely with the Chief Veterinary Officer (CVO), the Food Safety Knowledge Centre, and Canadian Food Inspection Agency (CFIA) to provide

veterinary support for livestock diseases, animal health issues, and surveillance for foreign animal disease in Manitoba.

Beef Cattle

Staff provided technical support to GO Teams, producers, and industry representatives. Staff made producer visits, attended beef week, provided information on current management, marketing techniques, and issues facing the beef industry. Staff continued to be involved in Bovine Spongiform Encephalopathy (BSE) Federal/Provincial advisory committees.

Staff were involved in a number of activities including:

- Developing/revising web pages and other extension materials.
- Presenting at over 50 producer meetings.
- Being involved in exploring business development and value added opportunities including forage fed and organic beef.
- Developing training/informational materials for GO Teams which were delivered through seminars, teleconferences, and a horizontal ruminant committee.

A computerized registry for 6,190 livestock brands was maintained, of which, 3,358 included active brands. Licences were issued to 99 livestock dealers and 90 agents. Surety levels were evaluated for all 99 dealers. Thirty-eight visits were made by staff to the 13 stock yards to check licenses and administer *The Livestock and Livestock Products Act*.

Staff partnered with the CVO office and were involved in field study work to determine the incidence of persistent infection for Bovine Viral Diarrhoea (BVD) of Manitoba auction sourced beef calves.

Staff continued their involvement on Tuberculosis risk management in conjunction with the Manitoba Bovine Tuberculosis Task Group and the Riding Mountain Eradication Area (RMEA). Specifically they conducted work on public meetings, placement of livestock guardian dogs, risk assessment and construction of feed area fences.

Dairy

Staff continued to work closely with Manitoba producers and Dairy Farmers of Manitoba (DFM) to solve milk quality problems. Activities included:

- Testing equipment.
- Milk sampling.
- Developing action plans.
- Milk management evaluation.
- Record interpretation.

DFM directed staff to producers in milk quality infraction penalty. To ensure producers stay out of penalty. Staff communicated with the producers' veterinarian and equipment dealers in making appropriate changes. In addition to milk quality, MAFRI staff made a number of on-farm consultations in many other areas of dairy production, such as:

- Health
- Barn redesign and set up
- Stray voltage
- Cow comfort
- Nutrition
- Reproduction

The BDS-Dairy coordinated with Manitoba Hydro and DFM to hold a one-day seminar on the concepts, problems and solutions to stray voltage on dairy barns. The BDS-Dairy liaises closely with Manitoba hydro electrical engineers, and those producers experiencing stray voltage problems. A meeting was organized by MAFRI representatives between Hydro, DFM, and the producers concerned. As a result of this meeting, Hydro has committed to finding the problem. To date, numerous upgrades have been made on the supply to affected farms. Work monitoring is still ongoing.

Extension presentations were delivered to producers, staff, and university/college students.

Producers have identified a shortage of trained employees. Staff, in conjunction with Assiniboine Community College, has developed a dairy herdsperson training course to increase the number of trained personnel. Four modules of the dairy herdsperson course were delivered over the past winter. A working group consisting of MAFRI staff, university staff, DFM board members, and producers has been established to become advisors in relation to course content and direction. In total, 24 people enrolled in the course at two locations. Feedback has been very encouraging, and an increased range of modules is planned for the upcoming winter.

There has been renewed interest in organic milk production in the province. MAFRI staff was approached by an organic milk co-op with the aim to recruit Manitoba producers to sell under their brand name. Staff co-ordinated with the co-op to set up an initial meeting with relevant producers and DFM staff. The meetings resulted in two open producer meetings scheduled in March, and 15 producers showing interest.

Staff have been working closely with an organic cereal grains and forage farm with a dairy herd to develop an organic herd transition plan.

Swine

MAFRI staff continued to work with the industry that produced approximately 8.9 million pigs during 2006/2007. Staff assisted producers, veterinarians, and agri-business on analyzing operations to increase profitability, relocation and expansion of operations, quality assurance programs, alternative low cost housing such as hoop barns, and least cost environmentally sound rations. Staff worked extensively with producers in developing Black Pig Pork Production and markets for their product.

The Manitoba Swine Seminar was organized and attracted more than 400 participants. The theme of the seminar was "Sharing Ideas and Information for Efficient Pork Production" and featured a professionally prepared proceedings book. Articles from the Manitoba Swine Update and the proceeding papers from the Manitoba Swine Seminar were posted on MAFRI's Website.

Staff participated in the department-wide initiative to increase swine production knowledge through meetings, radio interviews, updating cost of production guidelines, and updating the Farm Practices Guidelines for pig producers. They also developed training/informational materials for GO Teams which was delivered through seminars and a swine committee.

The rapidly expanding swine industry in Manitoba created a demand for a significant number of trained swine care workers. Staff participated on the Pork Production Training Committee (PPTC), which developed the Pork Production Manager Training Program. The committee provided input toward the development of the Pork Production Technician Apprenticeship program. The BDS-Swine also provided informational presentations about pig production in Manitoba for international clients from Chuvashia and China.

Staff participated on Manitoba's Phosphorus Expert Committee and participated in several committee meetings and assisted with the preparation of a document outlining the committee's recommendations. Other activities included:

- Participated in a trade mission to Italy to investigate pork processing opportunities.
- Being a member of the Hog & Poultry Days committee.
- Being a member of the Manure Management 2007 planning committee.
- Working with Agri-Environment staff on the development of reference materials for a nutrient management assistance program for producers.

Equine

Equine extension and technology transfer in the areas of equine ranching, light/pleasure horses, feedlots, and hobby horse industries were carried out through staff and producer contacts. Technical information was prepared in response to requests from individuals and industry.

Staff ensure that producers and owners of horses, breed associations, the Manitoba Horse Council, other governmental departments, and the general public have access to the most current technical information on the equine industry. This commitment led to the initiation of a National Horse Code for Canada. The Recommended Code of Practice for the Care and Handling of Horses on Pregnant Mare Urine (PMU) Operations is now part of the Recommended Code of Practice for the Care and Handling of Farm Animals: Horses.

Staff, in co-operation with the 4-H Program and Manitoba Equine Ranchers, developed and continued to work with the 4-H Young Horse Development Project.

Bison

Staff ensure that new and existing producers have access to the most current technical information on bison production and assist producers and the industry with business development opportunities. Practical and detailed bison management recommendations were provided through industry meetings, farm visits, and direct producer calls. There were also consumer direct calls and e-mails regarding information on bison meat products. Bison production with First Nations involved an increasing number of contacts.

The Department worked with the Canadian Bison Association in the ongoing development of the Canadian Bison Association On-Farm Food Safety Program. The staff assisted the Manitoba Bison Association in the promotion and guidance of various industry development activities including seminars, a field day, a bison annual meeting, and two monthly conference calls.

In 2007, the Manitoba Bison Association was able, with the help of the Western Regional Tribal Council Farm Advisor, to develop a First Nations Market Station project to demonstrate the growing and marketing of bison in an efficient manner. The project is fully functional with animals on feed from several First Nations.

Sheep

The Sheep Extension Program ensures that both existing and new producers have access to the most current technical information on sheep production and to assist producers and the industry with business development opportunities. In co-operation with Manitoba Sheep Association, department staff participated in a number of extension meetings and field days.

Staff continued to participate in the steering committee of the Manitoba Sheep Industry Initiative, which was supported financially by the Manitoba Rural Adaptation Council Inc. (MRAC). The Western Canadian Flock Health Program has a food safety, flock health, and value chain component, and is now being implemented in Manitoba.

A major effort was made to educate ethnic groups about the importance for health and safety reasons of consuming inspected meat, and of moving away from farm slaughtering of animals. Staff conducted awareness meetings with several provincial meat processors as well as ethnic retailers regarding supplying emerging ethnic communities with ample supplies of inspected meat. A calendar was developed and posted on the web describing periods of peak demand for sheep and goat meat at celebrations and holidays in the different ethnic communities in Manitoba, to assist producers and processors to meet that demand.

Staff assisted the Manitoba Sheep Association in staffing their displays at the Red River Exhibition and Royal Winter Fair (Brandon). Staff presented two talks at producer meetings addressing flock health and management issues. Articles covering the topics of parasites in sheep, the wildlife damage compensation program, lamb prices, and ethnic holiday demand were published on the web as well as in industry newsletters. The acting BDS coordinated several University of Manitoba class tours to sheep farms.

Several sheep producers in Manitoba are adding value to their primary production by manufacturing different wool and meat products and selling through the internet, farm gate and various other means. There is a large market for halal meats in Manitoba, and a significant potential market in the Middle East.

Manitoba sheep industry is the sixth largest in Canada with total on farm inventory of 65,000 in 2006. Manitoba also has largest feedlot operation in Canada feeding 80,000 lambs annually.

Goats

MAFRI and the Manitoba Goat Association (MGA) continued working to develop a strategic plan for the industry. The acting BDS-sheep and goats assisted the MGA at their booth and on the "Learning Stage" demonstration at the Royal Winter Fair in Brandon.

The MAFRI/MGA website continued to be updated. A number of consultations were provided to the producers both by phone and with on-farm visits. Topics covering health, management, predator control and ethnic demand were published on MAFRI website and also in regular industry newsletters.

Staff coordinated several University of Manitoba class tours to goat farms. Staff assisted two undergraduate students from University of Manitoba in their class projects. Also presented health and management related talks at different producer seminar meetings.

There are 507 farms that reported 12,637 goats in the last census in Manitoba. Most of the producers in Manitoba are small producers having average of 10-15 goats. Manitoba has one goat dairy (300 does). The meat goat industry in Manitoba is Canada's sixth largest.

Poultry

Poultry extension and technology transfer was implemented through workshops and meetings as well as individual producer contacts. In co-operation with the poultry industry, five industry and small flock seminars were organized with a total attendance of 260 people. Topics covered included on-farm food safety, biosecurity, condemnations, and avian influenza. Seven producer newsletter articles and six web pages for the MAFRI web site were prepared. In co-operation with Manitoba Egg Producers (MEP) and the University of Manitoba, a semi-annual technical newsletter for egg producers has been started.

In co-operation with MEP, field trials have been conducted to develop on-farm composting methods that are appropriate for laying hens in Manitoba conditions. In the two trials already conducted and the third trial underway, over 180,000 carcasses have been successfully composted. A protocol for composting has been developed and the trials indicate superior performance to traditional approaches. The farmer who co-operated with the trial is now composting all of his birds annually on-farm and other farmers have started composting as well.

Staff completed a study of gut health in organic broiler flocks grown on commercial farms in Manitoba. The study was a co-operative venture with a local organic feed mill and private veterinarian. The project identified strong vaccine challenges and drinker management as major factors influencing gut health. Further studies are being planned and will benefit any producer wanting to grow antibiotic-free chickens.

Staff obtained funding and helped conduct a major trial at the University of Manitoba which tested the response of modern and two heritage broiler strains to two antibiotic-free diets. As part of the study, the Food Development Centre in Portage la Prairie has completed a major evaluation of the nutritional and sensory characteristics of the meat produced.

Staff coordinated registration of small poultry flocks. Manitoba is one of only two Canadian provinces that can identify the location of backyard flocks. The BDS also coordinated the development of a commercial poultry farm database which is compatible with the commercial pig producers' database. The BDS - Poultry is Chair of the Market Recovery Committee of the Federal/Manitoba H5N1 Avian Influenza Working Group. The committee has detailed the potential cost of an outbreak in Manitoba and produced recommendations on how to handle imports and exports during an outbreak. The BDS - Poultry facilitated the formation of an industry committee to address Control Area issues during an avian influenza outbreak. The BDS has also initiated on-going discussions with the Saskatchewan poultry industry on how both provinces should deal with the restrictions on the inter-provincial movement of poultry during an outbreak. The BDS - Poultry is a member of CFIA's Avian Biosecurity Advisory Council which is formulating recommendations for a national biosecurity standard.

Numerous MAFRI staff participated in the CFIA's national avian influenza training workshop and outbreak simulation in Niverville, MB in November, 2006. As a result of the exercise, trials are now underway in Ontario and Manitoba to evaluate alternative methods of disposing of infected carcasses. To support MAFRI's role in surveillance during an outbreak, the BDS- Poultry and Extension Veterinarian arranged for staff to be fit tested to wear respirators and trained in collecting swabs and blood samples from chickens, turkeys, and pigs.

Staff assisted with the Manitoba Egg Producers' caged hen displays at the Red River Exhibition in Winnipeg and the Royal Winter Fair in Brandon. Over 30,000 people visited these displays.

Staff assisted with the documentation and blood testing for breeder flocks needing export permits. Veterinary diagnostic laboratory staff tested all of the samples collected. The government-testing program supports the export of chicks and poults valued at $5 million to the USA each year. A new avian influenza testing program has been started for live, market-weight turkeys shipped to Minnesota. Approximately 10% of Manitoba's commercial turkeys are shipped to Minnesota. Without the involvement of the Province to oversee and provide third party verification of these testing programs, these exports could not occur. The testing programs also help to provide quality assurance to the customers in other provinces who annually purchase an additional $6 million in chicks, poults, and hatching eggs from Manitoba hatcheries.

Aquaculture

Aquaculture (the farming of aquatic species in a controlled environment) is a major growth industry, and is the fastest growing food production sector in the world. The value of fish produced on Canadian fish farms increased from less than $2 million in 1984 to more than $715 million in 2005.

There are presently four major aquaculture operators in Manitoba, including two fish hatcheries and nurseries, one large grow-out facility and another grow out planned to start operating in July 2007. There are three fish brokers who imported fingerlings from the USA and distributed them in the spring of each year to 29 licensed commercial operators (who raise fish for sale, charge a fee for fishing on their sites or stock crown waters), and the estimated 500 unlicensed hobby fish farmers who stocked private waters for their own use. Staff provided information to existing and interested producers on production management and all aspects of the aquaculture industry.

Nutrition

Staff provide nutritional information and ration formulation on all livestock species to GO Teams, producers, veterinarians and organizations. Information and formulation is based on current research to provide least cost, maximum producing, and environmentally sound rations.

In 2006/2007:

- All ration requests completed and responded to within 48 hours.

- Ten presentations given at producer meetings, including five presentations at the 2nd Cattle Production for Women seminar series
- Reviewed all 82 articles in the Feeds and Feeding section of the MAFRI website, and 150 articles in Nutrition Updates to ensure they are current
- The Nutrition Update Newsletter was published three times
- Six nutrition articles published in Manitoba Milk Producers 'Milkline' Newsletter
- Fact sheets were updated and new ones developed including those on Dried Distillers Grains with Solubles (DDGS)
- Presentations made at producer meetings and training sessions held for producers and GO Teams on the use of Cow Bytes computer software
- Participated in the planning of the Western Nutrition Conference held in Winnipeg
- Met with staff from Eastman, North Interlake and South Interlake GO teams to discuss ways the LIKC can assist with programs and activities

Staff were also involved in a number of research projects including organic milk, grass tetany issues on pasture and mineral supplementation.

Engineering

The focus of the engineering program is to provide advice to industry, GO Teams and primary producers in the area of livestock facility design, construction, management and operation, and for providing engineering support for secondary processing and value-added initiatives in the livestock sector. Staff provided advice on farm planning and building design, providing producers with 65 individual plans including 21 for beef cattle facilities, 18 for hog facilities, 16 for dairy cattle facilities and ten other types of facilities.

Other activities included providing technical advice regarding manure storage and handling, aeration, and grain drying systems and farm machinery selection, and participating in technical reviews of five proposals for livestock operations.

Veterinary Extension Services

In 2006/2007, Veterinary Extension Services Section administered *The Veterinary Services Act* and *The Veterinary Science Scholarship Fund Act*. Under *The Veterinary Services Act*, the Centre provided provincial grants to 27 veterinary districts to deliver service to rural Manitoba. During the year, meetings were held with Veterinary Services District Boards and with the Association of Manitoba Municipalities. The Centre assisted the Veterinary Services Commission with the administration and distribution of a $200,000 special grant for capital equipment and infrastructure for the Veterinary Services District Program. The Commission, with help by the province and districts, also went to the Western College of Veterinary Medicine in Saskatoon, Saskatchewan on a recruitment trip in the fall.

In 2006/2007, to further recruit veterinarians into Manitoba specifically for rural practice, the province, under *The Veterinary Science Scholarship Act*, gave 24 Manitoba veterinary students scholarship funds that are forgiven at the rate of 20% for every year spent in a Manitoba rural practice following graduation. In addition, the section administers the Large Animal Veterinary Retention Program started in 2005/2006. This program provides students $5,000 in each of their 3rd and 4th years of studies, which is forgivable for 12 months in a Manitoba rural practice. In 2006/2007, there were ten students in this program. Through the Summer Veterinary Student Employment Program, 17 students in 2006 were provided with practical experience in rural clinics and in the Veterinary Diagnostics Services, while being encouraged to practice in Manitoba's rural areas upon graduation.

To assist Manitoba producers in prevention, control and eradication of important production and foreign or zoonotic diseases, veterinary extension staff and other section staff were involved in a number of disease programs and provided information through producer and staff meetings, fact sheets, farm visits and work shops.

For the Manitoba Bovine Tuberculosis (bTB) Management Program, the section provided $89,600 and staff to participate in certain parts of the program including barrier fencing, education and research.

To assist the reporting of rabies cases, the Section administered the Rabies Indemnity Program, a federal-provincial initiative. Payments to producers with affected livestock totalled $10,800 for 2006/2007 with a federal reimbursement of 40%.

In 2006/2007 the CanWest DHI Johne's project was completed with 50 dairy farms participating. A joint project sponsored by the LIKC (farm production extension) and the CVO (animal health and welfare) with funding from MRAC evaluated the prevalence of BVD in auction mart calves as they entered feedlots within Manitoba. Publication of the results is pending. As part of MAFRI's participation in the TB task group and lead role in bTB prevention, a project using livestock guardian dogs to prevent livestock wildlife interaction was expanded to ten farms this year. A fact sheet and information pamphlet on Liver Flukes is pending. Two on-farm disease investigations were done in conjunction with herd veterinarians. Additional support was provided to producers and veterinarians who had herd problems with BVD, Johne's disease, bovine venereal disease, and calf scours. Producer information sessions on proper vaccination, bovine venereal disease, and Johne's disease were given.

Veterinary Diagnostic Services (VDS)

VDS provides technical and specialist services to rural and urban veterinarians through the province's veterinary diagnostic laboratory. Over this past year:

- The laboratory received 21,832 cases and performed 185,738 tests in 2006/2007, an increase from 17,933 cases and 172,891 tests in 2005/2006.
- Since 2003/2004 tests have increased from 106,668 to 185,738.
- Since 2003/2004, surveillance testing for swine has increased 100% due to outbreaks of swine diseases such as swine influenza due to H3N2, emergence of Porcine Circovirus as a major cause of losses in Quebec and Ontario, persistence of PRRS, and the re-emergence of porcine transmissible gastroenteritis.

Producers benefit from the laboratory's high-priority commitment to the rapid reporting of laboratory results. Polymerase Chain Reaction (PCR) testing for diseases of cattle, hogs, and poultry provide a quick turn-around of results and greater utilization of services by livestock producers. Whole herds are tested for certain diseases such as BVD in cattle and Porcine Reproductive and Respiratory Swine Influenza Virus H1N1 & H3N2, Mycoplasma pneumonia and Transmissible Gastroenteritis Virus in hogs.

New research in surveillance methods for diseases such as Johne's and Neosporosis in cattle, and Chronic Wasting Disease (CWD) in elk and deer have contributed to an increase in the numbers of tests performed. The Level 2 transmissible spongiform encephalopathies (TSE's) screening laboratory is part of the National TSE Veterinary Laboratory Network and performs surveillance for TSE's of ruminants including BSE, CWD and Scrapie using the Bio-Rad Elisa rapid test. Laboratory procedure, collection and testing included:

- Sample collection by private veterinarians and CFIA field staff from farms and dead stock operations in Manitoba. Clinical history is recorded. Samples of brain and ear are collected and labelled for trace back. In the event of non negative samples, the TSE Reference Laboratory, National Centre for Foreign Animal Disease (NCFAD) is contacted.
- 3,940 samples were tested for BSE with one sent to the National Reference Laboratory. This sample was confirmed as an atypical case of BSE.
- 1,534 samples were tested for CWD and 96 for Scrapie.

The LIKC continued to support the bovine TB program in Manitoba through representation on the various committees that direct the program. The number of samples submitted for bovine TB testing in 2006/2007 decreased to 187 from 1,150 in 2005/2006 because of decreased testing by CFIA.

The laboratory participated in the National Wild Bird Surveillance program led by the Canadian Cooperative Wildlife Health Centre. The majority of the workload included:

- 600 hunter killed geese samples tested, with 42 positive for the Influenza virus matrix gene.
- Six of these were positive for Influenza virus H5N1, subsequently identified as low pathogenic forms by NCFAD.

Meat turkeys for export to Minnesota and small farm flocks were tested for Avian Influenza (AI). 300 tests were all negative.

Anthrax continues to be a concern with 27 of 121 samples tested by PCR being positive.

To increase the national capability for foreign animal disease (FAD) surveillance, all provinces have agreed to participate with the CFIA, in the Canadian Animal Health Surveillance Network (CAHSN).

In preparation for the anticipated arrival of highly pathogenic Asian H5N1 influenza into North America, VDS is proceeding with upgrades to the laboratory with the design and planned construction of a FAD laboratory space and enlargement of the accessioning area. This expansion necessitated relocating diagnostic bacteriology to the second floor of the Agricultural Services Complex. Five virology section staff have been trained in FAD testing by CFIA. The laboratory will have to achieve ISO 17025 accreditation and is in the process of recruiting a quality assurance officer to lead the accreditation process.

VDS along with other MAFRI staff completed preparedness planning for the predicted spread of highly pathogenic avian influenza (HPAI) to North America.

The LIKC continued to work with CFIA, Emergency Measures Organization, and producer groups to ensure that contingency plans are adequate and in place for Manitoba and Canada in preparedness for highly contagious FAD outbreaks in Canada or in the USA. The British Columbia outbreak of AI in 2004 indicates how costly these incursions can be.

VDS assisted in supporting livestock disease control research by providing $15,200 to the Veterinary Infectious Diseases Organization. Centre staff presented pathology demonstrations to Red River College (RRC) students and to veterinarians seeking accreditation for the Western Canadian Flock Health Program. They also provided assistance to the instructors of the Animal Health Technology course at RRC.

3 (a) Livestock Industry

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	3,821.4	61.55	3,846.2	(24.8)	
(2) Other Expenditures	2,075.9		1,537.0	538.9	1
(3) Grant Assistance - Operating -Grants/Transfer Payments	494.6		494.9	(0.3)	
(4) Grant Assistance - Capital -Grants/Transfer Payments	200.0		200.0	-	
Total Sub-Appropriation	**6,591.9**	**61.55**	**6,078.1**	**513.8**	

1. The over expenditure is mainly due to a) an increase in diagnostic testing at the Veterinary Diagnostic Services Laboratory resulting from growing concerns regarding infectious diseases and increased costs for test kits, b) purchases relating to the Avian Influenza - Emergency Preparedness Strategy and c) costs related to developing a long term strategic plan for the Veterinary Diagnostic Services Laboratory.

Appropriation 3 (b) – Chief Veterinary Officer/Food Safety

The overall objective of the Office of the Chief Veterinary Officer (CVO) is to protect animals, food and people through four strategic goals:

- To protect the health of the public from diseases of animals that can pass directly or indirectly from animals to people;
- To protect the safety of the food supply from farm to fork, to safeguard the health of Manitobans and to justify confidence in Manitoba's food system at home and abroad;
- To protect the health and welfare of animals for economic or intrinsic benefit;
- To protect trade in agricultural products through health certification and assurance programs.

Protect the health of the public from diseases of animals that can pass directly or indirectly to people

The purpose of this goal is to be able to detect, analyze and respond to animal diseases that can affect human health. Following the re-organization of the Animal Health and Welfare section under the CVO, two new positions evolved: a Zoonotic Disease Control Veterinarian and an Epidemiologist/Risk Analyst. These positions were filled on January 1, 2007, and these positions will help in the CVO's role of promoting Veterinary Public Health, by increasing the ability to detect and respond to diseases that are of public health concern.

Manitoba is continuing to provide leadership in the Canadian Animal Health Surveillance Network (CAHSN). This system integrates veterinary diagnostic laboratories across the country and is currently active for BSE, with Avian Influenza to be added shortly.

A Zoonotic Diseases Steering Committee meets regularly and is chaired by the CVO. The Zoonotic Diseases Steering Committee was established in 2006. It is comprised of Manitoba Health, Manitoba Agriculture, Food and Rural Initiatives (MAFRI), Manitoba Conservation, with additional representatives from Workers Safety and Health (WSH) and the Canadian Food Inspection Agency (CFIA).

The Reportable Diseases Regulation under *The Animals Diseases Act* was registered on March 26, 2007. This regulation makes provincially reportable, all 73 federally reportable diseases, as well as 14 other agents of zoonotic and/or economic concern. These regulations will facilitate communication with other agencies such as Manitoba Health and the CFIA, in order to respond to disease threats in a timely manner.

The CVO was represented on several Federal/Provincial/Territorial (FPT) committees relevant to public health. A presentation on Anthrax in Manitoba was made at the National Meeting on West Nile Virus and Other Non-Enteric Zoonotic Diseases hosted by the Public Health Agency of Canada (PHAC). There was also representation on the National Non-Enteric Zoonotic Disease Committee Issue Group of Public Health Agency of Canada (PHAC).

Protect the safety of the food supply from farm to fork, to safeguard the health of Manitobans and to justify confidence in Manitoba's food system at home and abroad

The Food Safety Section provided inspections under *The Dairy Act*, *The Livestock Industry Diversification Act*, *The Livestock and Livestock Products Act*, and in a limited role under *The Wildlife Act*. The dairy industry is regulated under various sections of these regulations. Staff conducted over 600 dairy farm inspections and re-inspections for approximately 440 dairy farms in the province, and 50 farm visits involved assisting producers in troubleshooting milk quality and safety problems. In addition, 71 bulk milk truck drivers servicing these farms were inspected for performance of duties such as sampling for quality, sample care, and truck sanitation. The section licensed 15 dairy processing facilities and 238 dairy industry personnel, and conducted 30 plant inspections and follow-up visits that ensured compliance with satisfactory manufacturing practices. The Pasteurization Control Program remained a high consumer safety priority.

In January 2006, MAFRI signed the Food Safety Initiative (FSI) Collateral Agreement with Agriculture and Agri-Food Canada to promote food safety systems such as Good Management Practices (GMP), Hazard Analysis and Critical Control Point (HACCP) programs and the International Organization of Standardization (ISO) 22000 food safety system to non-federally registered food processing plants in Manitoba.

FSI has two program elements, Outreach and Implementation.

- The Outreach element includes training and promotion to heighten food safety knowledge and awareness amongst food processing industry stakeholders.
- The Implementation element provides funding of different levels to non-federally registered food processors to develop and implement food safety systems.

Six term staff have been hired to carry out the Initiative's objectives (four for food safety systems and two for information and knowledge development). By the end of March 2007, 35 non-federally registered food processors in Manitoba had applied for funding representing abattoirs, meat processing, oil seed processing, bakery, pulse crops/vegetables and the grains sectors. Eleven Contribution Agreements were signed with processors. FSI staff contacted all eligible processors to promote food safety programs. A Manitoba HACCP Advantage Standard Manual together with a companion guide book were produced. Staff conducted 11 GMP/HACCP workshops and trained over 220 food industry personnel and held discussions with all MAFRI GO teams on food safety programs.

Staff are also working with the Canadian Grain Commission and Ontario Ministry of Agriculture Food and Rural Affairs to develop generic HACCP plans for the grain and oil seed sector.

Expertise was provided to the Manitoba Turkey Producers, the Canadian Turkey Marketing Agency, the Canadian Sheep Federation and the Canadian National Goat Federation on the development of their on-farm food safety programs. There was participation in several technical reviews for national on-farm food safety programs.

As a part of Knowledge Management area, staff developed 47 documents and 11 fact sheets on topics relating to Good Manufacturing Practices (GMPs), HACCP and food safety. Documents provide valuable information to the processing industry. There were 35 requests for specific food safety information from processors, consumers and MAFRI staff.

The CVO was active on the FPT Traceability Task Team (TTT), which has been mandated to establish an Agri-food traceability system in Canada. Staff were also involved in working groups on Premises Identification as well as Swine Traceability. The CVO has also established a Horizontal Team for Agri-Food Traceability, a committee that has been implemented to investigate the best ways to implement traceability in Manitoba. In addition, a pilot project with IBM has been initiated to study traceability information available and how a system might flow from producer to slaughter plant to retail store. This project should be completed by September 2007.

Protect the health and welfare of animals for economic or intrinsic benefit

An enhanced animal disease detection and surveillance system is currently under development. This system links with the Veterinary Laboratory Services' diagnostic database and will analyze animal disease trends across space and time in Manitoba. This system will not only provide surveillance of laboratory results as diseases are diagnosed, but will use syndromic surveillance to provide early warning of possible emerging disease threats.

Interagency and intergovernmental planning for the response to a potential Avian Influenza outbreak in Manitoba is ongoing. An information session was held in February 2007 to update Manitoba government employees on the progress made by this committee. Several presentations on Avian Influenza and its epidemiology were given by the CVO and staff members. The CVO's office also continues to support

surveillance for Avian Influenza in dead birds as well as small poultry farmers through the Small Poultry Flock Avian Influenza Program.

Through the Foreign Animal Disease Eradication Support (FADES) plan, MAFRI will be involved in support for an animal disease emergency. An Avian Influenza simulation exercise will be held by CFIA in August 2007, and this will enable MAFRI to test its ability to deal with a foreign animal disease situation.

A livestock depopulation plan template was developed for municipalities, provincial governments and industry in the event of a livestock disease emergency. Criteria for the siting of a mass disposal site were also developed. These template and criteria were developed by Food Safety personnel along with various federal and provincial government agencies.

The CVO's office administers *The Animal Care Act*, by responding to complaints of animal abuse or neglect in both domestic farm animals and companion animals. In 2006, 268 animal welfare complaints were investigated and 20 seizures of animals were carried out. The number of cases involving cattle had increased compared to 2005, which is speculated to be due to a combination of financial setbacks due to BSE, and dry weather hindering pasture and crop growth.

Food Safety staff are responsible for the administration and enforcement of *The Livestock Industry Diversification Act* and The Elk Game Production Regulation. A total of 29 inspections of elk farms ensured that facilities are properly constructed and maintained, and that operators comply with specified requirements. An extensive database identifying all the particulars of each game farm elk including inventories is being maintained.

Protect trade in agricultural products through health certification and assurance programs

This goal promotes agricultural trade and the economic viability of Manitoba producers, through developing and implementing surveillance and health certification programs for specific sectors and diseases. This covers items such as the Poultry Disease Surveillance Epidemiology Field Service that assists with the hatchery inspection, salmonella surveillance and blood testing for breeder turkey flocks needing export permits. This program provides third party oversight and verification, so that these exports to the United States can occur.

Hatcheries and poultry licensing are regulated under *The Livestock and Livestock Products Act* and Hatchery and Hatchery Supply Flock Regulation. Staff approved 72 hatchery supply flocks and licensed 10 hatcheries. Inspections of 123 poultry farms were performed to ensure compliance to safety and quality standards, and 11 poultry dealers were licensed.

Harmonized food standards for Canada are being developed including the development of HACCP systems, and the Food Safety section is contributing to these standards. There is also participation in a number of national committees pertaining to the agri-food industry, including: National Liaison Group on Milk Products' Quality, Federal/Provincial Dairy Committee, International Dairy Federation, and FPT Dairy Technical Equivalency Sub-Committee.

Facilitate the Food Industry's Requirements to Establish and Maintain Food Safety Standards and Practices

MAFRI is adopting a risk-based approach to inspection and emphasizes preventative approaches to risk reduction for food-borne hazards. More processing plants are implementing HACCP due to market forces, and retail and food services are demanding food safety programs.

There are an estimated 600 provincially-permitted food processing facilities in Manitoba (excluding restaurants). In 2007, MAFRI assumed responsibility for inspection of the provincially-permitted food processing facilities without retail outlets (estimated to be half of these). Manitoba Health will retain inspection of those plants with retail facilities. In addition, the Canada/Manitoba Meat Inspection

Agreement, governing inspection of provincial abattoirs, is being transferred from Manitoba Health to MAFRI. Roles between MAFRI and Health are being further clarified as responsibilities change.

All necessary inspection and investigation duties under assigned legislation are complete. These inspections oversee 15 dairy plants, 238 licensed dairy industry personnel, 30 dairy plants, over 600 dairy farms, and 71 raw milk haulers.

The Department is working with other jurisdictions to design a national food safety framework for non-federally registered plants. The implementation of the Food Safety Initiative (FSI) Agreement between MAFRI and AAFC and the implementation of food safety systems in non-federally registered food plants has resulted in:

- 35 non-federally registered processors are developing food safety programs
- 220 industry personnel received food safety training
- 11 GMP/HACCP workshops were delivered
- Food Safety Technical Resource Centre developed (responded to 35 individual requests for information)
- 11 fact sheets developed for the food industry
- With the University of Manitoba, developed a one-week food safety course
- CVO/Food Safety Knowledge Centre's website now contains 130 pages and 90 external links
- Manitoba HACCP Advantage manual and guidebook were developed
- Working with CFIA on recognition of on-farm food safety programs

There are 30 food safety programs being developed by 21 commodity groups. MAFRI is working with producer groups, such as Manitoba Turkey Producers, to develop an on-farm audit system for national On-Farm Food Safety programs being implemented in Manitoba. In 1997 there were no programs. Three commodities in Manitoba now have 90% participation. Increasing numbers of farms/producers are expected to participate in On-Farm Food Safety programs.

In cooperation with the University of Manitoba and Manitoba Health, an inventory of processing plants and food production capability is being developed.

Performance Indicators

Establish an Effective Early Warning Surveillance System for Manitoba

Staff in the office of the Chief Veterinary Officer (CVO) are key players in directing the surveillance arm of the Canadian Animal Health Surveillance Network (CAHSN). It is important to recognize disease outbreaks quickly so that they are contained promptly, minimizing the impact of the outbreak. Recent outbreaks of animal diseases and food contaminations have reinforced the need for early warning systems.

Improved surveillance systems have been established for detecting Avian Influenza in wild birds, small backyard flocks and commercial poultry.

Laboratory surveillance information is flowing between the Veterinary Diagnostic Laboratory and CAHSN on a regular basis for BSE and Avian Influenza.

Discussions are underway to develop a swine practitioner's syndromic surveillance program.

Manitoba leads the way in developing national templates for animal health surveillance.

There is increasing awareness that early warning systems must integrate information from many sources. In Manitoba, novel approaches to disease surveillance systems are being developed.

Create a Centre of Expertise in Manitoba for Conducting Outbreak Investigations

In cooperation with CFIA, outbreaks of anthrax and BSE were identified in 2006.

Animal demographic information has been captured and mapped for dairies and some commercial poultry farms. This will be important for disease control efforts as outbreaks of existing disease are occurring at an increasing rate and it's important to conduct investigations in a timely and scientifically rigorous manner to prevent outbreaks from spreading.

Establish a Provincial Animal Disease Control Structure for Manitoba

Expectations are increasing that governments can respond to emergencies, such as a foreign animal disease, in a timely and efficient manner. This includes effective management of logistic issues such as the mass disposal of livestock carcasses.

It is important to be ready to respond to any disease threat or animal health emergency (such as a flood).

The office of the CVO continues to participate in national initiatives to establish a national agri-food traceability system.

Geographical Information System (GIS) capacity has been enhanced in MAFRI. New staff have been hired with GIS expertise and zoonotic disease control expertise.

Extensive plans have been developed to deal with an outbreak of a serious disease, such as Avian Influenza.

MAFRI staff took a lead role in CWD investigations.

Staff have led a pilot project to deal with mass carcass disposal in a highly concentrated livestock area.

Effective July 12, 2007, the Canadian Food Inspection Agency will prohibit the use of SRMs in food, feed and fertilizer.

Enhance Working Relationships with Other Groups, Departments, Branches and Agencies

The office of the CVO has initiated regular communications and consultations with other Provincial and Federal departments, the Western Veterinary College, and industry.

MAFRI will need to coordinate surveillance and outbreak control activities in Animal Health and Food Safety with other departments and agencies.

Disseminate Animal Health & Food Safety Information in a Timely Fashion

The Department provides animal health and food safety information to producers and the public in an easily accessible format on a timely basis. Website access to documents has been improved.

Several staff produced or co-authored peer-reviewed articles and publications.

Many seminars were delivered to producers, medical health officials, processors, veterinarians and the public.

Assemble the Expertise Necessary to Build Capacity in Disease Surveillance, Outbreak Response, Disease Control and Food Safety Knowledge Management, and Maintain a level of Staff to Deliver Programs and Services

The Department's role in Food Safety is expanding. An Animal Health and Welfare Program was formed in 2006, under the CVO office. Several staff were hired including Manager, Animal Welfare Veterinarian, Animal Health Surveillance Veterinarian, Disease Control Veterinarian, Epidemiologists/Biometrician.

Enforce *The Animal Care Act*

The number of inspections increased to 268 and the number of cases involving animal seizures increased to 20. A number of cases will lead to prosecutions under *The Animal Care Act*.

An Animal Protection Officer (APO) training course was planned for May 2007.

Liaison was ongoing between MAFRI and the Manitoba Farm Animal Council (MFAC), The Winnipeg Humane Society and the Manitoba Veterinary Medical Association (MVMA).

Support the Demand for Manitoba Food and Agricultural Products

The volume of agricultural and agri-food products exports has increased over the last two years. These exports are vital to the Manitoba economy, and it is important to continue to protect trade and export markets.

It is expected that the demand for health certification programs will increase. Currently, health certification supports $6.0M in exports of chicks, poults and hatching eggs. There are 10 hatcheries and 11 poultry dealers licensed. Inspections were performed on 123 poultry farms and 72 hatching egg flocks.

Under *The Livestock Industry Diversification Act*, 29 elk farm inspections were conducted.

3 (b) Chief Veterinary Office/Food Safety

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	1,216.5	16.00	1,295.6	(79.1)	
(2) Other Expenditures	445.5		488.6	(43.1)	
Total Sub-Appropriation	**1,662.0**	**16.00**	**1,784.2**	**(122.2)**	

Appropriation 3 (c) – Crop Industry

The Crop Industry Knowledge Centre provides a coordinated program to enhance sustainable crop diversification, production, and utilization. In support of these objectives, the Knowledge Centre provided technical support, specialized services, and information to regional staff, agri-business, and farmers. This overall support enhances the productivity, output, and marketing capability of Manitoba's crop producers.

The Crop Industry Knowledge Centre administers statutes and regulations related to several areas:

- Beekeeping.
- Horticulture.
- Plant pest and diseases.
- Pesticide dealer and applicator licensing.
- Weed control.

Direct support involving the control of crop residue burning is provided under *The Environment Act*, Burning of Crop Residue and Non-Crop Herbage Regulation. The Crop Industry Knowledge Centre also supports the delivery of agricultural research and sustainability programs, as well as participating in federal-provincial cost-shared programs designed to assist in the development of irrigation infrastructure, agro woodlot management, and agro meteorological programs.

The Crop Industry Knowledge Centre is comprised of two sections: Farm Production Extension and Industry Focus. These sections are extensively involved in the investigation and demonstration of new crop market opportunities and production practices. Technical information is disseminated through departmental staff, industry, and grower through:

- GO Teams.
- Publications.
- News Releases.
- The Internet.
- Local Grower Meetings.
- National and provincial commodity associations.

Staff produced and contributed to a variety of newsletters in cooperation with industry partners. These newsletters are a primary source for the industry to speak to their growers. As such, it has proven to be an excellent means for Crop Industry Knowledge Centre staff to reach the targeted audience.

Staff were also involved in the publication of *Seed Manitoba* in cooperation with the Manitoba Seed Growers Association and *The Manitoba Co-operator*. Staff also prepared/revised and distributed many publications through print and electronic media. These include:

- *The Guide to Crop Protection*.
- *Insect and Disease Update* (weekly).
- *Crop Report, Commodity Report and Weather Report* (weekly).
- *Vegetable Crop Update*.
- *Potato update*.
- Numerous other timely technical publications through:
  - E-Topics.
  - Newspaper/Magazine articles.
  - Fact sheets on a range of crop production issues.

Staff organized, facilitated and led specialized agronomy training in major events like the Manitoba Agronomists Conference, Ag Days technical programs, and training/updates to field staff involved in Farm Production Extension. Staff developed and delivered the Crop Diagnostic School in cooperation with the University of Manitoba. This two-week summer program was delivered to over 400 industry and individual agronomists, farmers and department staff. Individual commodity workshops (winter wheat, edible bean, soybean, sunflower, and corn) were held during the summer and winter. Extension Events delivered by Crop Industry Knowledge Centre staff support the delivery of the Certified Crop Advisor (CCA) program in western Canada.

The Crop Industry Knowledge Centre achieved the following results in 2005/2006:

Farm Production Extension

In 2006, licenses were issued to 1,331 (a 1.3% decrease from 2005) applicators and 501 (a 6% decrease from 2005) dealers under *The Pesticides and Fertilizers Control Act*. Pesticide dealers and custom pesticide applicators are required to qualify for licensing by completing provincially approved certification courses. In addition, applicators must comply with the Act's insurance requirement before they are issued a license.

The Crop Diagnostic Centre served farmers and agri-business by analyzing 804 (a 3% increase from 2005) agricultural and 132 (a 57% increase from 2005) non-agricultural samples. There were 139 weed samples and 35 insect samples submitted for identification in 2006/2007.

The Farm Production Extension Section retains responsibility for the delivery of the Irrigation Development Program. Staff coordinated and delivered the Crop Residue Burning Authorization Program established under *The Burning of Crop Residue Regulation* and *The Non-Crop Herbage Regulation*.

The Agro Meteorology Program expanded the delivery of agricultural weather information with the implementation of the Manitoba Ag-Weather Program. Specific deliverables include maps of current conditions, cumulative, and per cent of normal heat units and precipitation, daily crop water use estimates for irrigation scheduling, and various other value-added products. Surveys of spring and fall soil moisture were collaborated and directed by the Ag-Met program to provide baseline moisture information. The Ag-Met program was also actively involved in the daily crop residue burning authorizations.

The Potato Hotline provides information on disease and insect pest occurrence, soil moisture conditions, disease forecasting, and irrigation scheduling. Potato information on the website is organized under the simplified URL *www.mbpotatonews.ca* and has supplanted the Potato Hotline.

Bacterial Ring Rot (BRR) is regulated under *The Plant Pest and Diseases Act*, which was approved in 2005. This regulatory program was implemented in consultation with the Manitoba Potato Industry. The effectiveness of this regulation was reviewed in 2006/2007 in consultation with the industry. Pest mitigation efforts including monitoring and field scouting continued to focus on potatoes and vegetable crops.

Staff led province-wide surveys of insect and disease pests, with the assistance of industry and MAFRI agronomists, and provided risk forecasts for the industry. Prairie-wide insect surveys were conducted in cooperation with other provincial departments of agriculture. Information was provided throughout the season in the weekly Insect and Diseases Updates.

Industry Focus

Staff continued to consult and work with a large number of national and provincial producer associations particularly related to commodity groups. The Staff also completed 11 technical reviews of ARDI, 81 of Covering New Ground (CNG), 15 of Manitoba Rural Adaptation Council (MRAC), and three Sustainable Development Innovations Fund (SDIF) applications. Support was provided in the area of commodity market development including the development of the 2006 Cost of Production publication for all crops.

The Crop Industry Knowledge Centre administered *The Manitoba Bee Act*, with staff coordinating the Honey Bee Disease Inspection and Control Program. Staff inspected 6,207 honey bee colonies for American and European foulbrood diseases. The Knowledge Centre collected and analyzed 242 bee samples for the presence of the honey bee tracheal, nosema, and varroa mites. Apiculture staff also inspected 110 leafcutting bee operations for chalkbrood disease.

Apiculture staff participated in 14 extension meetings and provided industry updates and information on honey bee and leafcutting bee management to producers. As technical advisors, staff also attended Board of Director Meetings for the Manitoba Beekeepers' Association, the Red River Apiarists' Association, and the Manitoba Forage Seed Association. Regular contributions were made to the following producer newsletters: *The Manitoba Beekeeper*, *Bee Cause* and *Forage Seed News*, which have a combined distribution of approximately 2,500 producers. In addition, staff taught an evening course in beekeeping at the University of Manitoba.

Through research, demonstration, and extension, staff continued to develop information related to safe and effective ways of controlling pests and disease in honey bees and leafcutting bees. Staff conducted four major research/extension projects which were completed in March 2007:

- Evaluation of nectar production in commonly grown buckwheat cultivars – SDIF project
- Workshop on honey bee health – SDIF project
- Irradiation of leafcutting bee nests for the control of chalkbrood disease – CNG project
- Milling leafcutting bee cells as a means of managing chalkbrood disease

Manitoba continued to be the second largest producer of potatoes in Canada with a harvested acreage of 71,500 acres in 2006. Section staff organized the following potato extension events: Potato Production Days, Western Potato Council Meeting, and weekly irrigation/production extension meetings during July and August.

Saskatoons, sea buckthorn, hemp, corn, buckwheat, medicinal and aromatic plants, spices, essential oils and oriental vegetables remain among the new and expanding crops under development. Demonstration orchards and strawberry trials continued in conjunction with the Agriculture and Agri-Food Research Station in Morden. Staff collaborated with the Manitoba Corn Growers Association on research trials investigating fertility, plant population, and pest resistance. Vegetable production assistance focused on pest mitigation and potential new market development.

Staff, in conjunction with GO Teams, were responsible for the creation and summation of the weekly *Manitoba Crop Report* including *The Commodity Report*. These reports ran from May 1 to Nov 1 and were distributed via the internet, email, and fax. The reports are targeted at MAFRI staff, growers, industry, and media. Staff was the lead contact for media outlets as related to the *Manitoba Crop Report*.

Staff, along with the Manitoba Crop Variety Evaluation Team (MCVET), coordinated the 2006/2007 Crop Variety Evaluation Program. This Program consisted of 26 test sites (five funded and conducted by MCVET, four producer organized satellite sites, and 17 conducted by industry and/or grower associations). Most test sites contained between 17 and 145 entries of cereals, oilseeds, pulses, and special crops. Contractors, used by MCVET to establish plots, include AgQuest Inc, AgriProgress Inc, ICMS Inc.

Section staff, in cooperation with GO Team staff and the Manitoba Forage Council, ran the 2006/2007 Forage Variety Evaluation Program at three test sites.

Numerous requests were received by staff from potential ethanol and biodiesel business development opportunities. Crop Industry Knowledge Centre staff provided detailed information on raw product supply and quality as an ethanol and biodiesel feed stock. Staff also played an important role to help bring grower groups and potential investors together on various projects.

The Agro Woodlot Program continued to meet the goals of adding value to the Agro Woodlot resource by creating economic income for landowners, while at the same time, managing the resource in a sustainable manor. The program continues to operate in conjunction with the Manitoba Conservation, Forestry Branch and hired four regional staff to expand this Agricultural Policy Framework (APF) funded program.

3 (c) Crop Industry

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	2,171.1	34.58	2,109.3	61.8	
(2) Other Expenditures	643.9		713.1	(69.2)	
Total Sub-Appropriation	**2,815.0**	**34.58**	**2,822.4**	**(7.4)**	

Appropriation 3 (d) – Agri-Environment

The Agri-Environment Knowledge Centre delivers programming that supports the development of Manitoba's agri-food and rural sectors while protecting agri-environmental resources. Currently, the Agri-Environment Knowledge Centre has two main priorities. These involve the establishment of the Knowledge Centre as the point of contact for government for leadership and advice on agri-environmental matters and to represent Manitoba in national and international discussions. The Agri-Environment Knowledge Centre's second priority is to administer Manitoba's environment programming and commitments under the Agricultural Policy Framework (APF) and to propose and develop subsequent federal/provincial agri-environment programs.

Landscape Stewardship

The Landscape Stewardship Specialist Team (LSST) focused on four program areas for 2006/2007. They include:

- Agri-Environment Leadership and Extension
- Environmental Farm Planning
- Equivalent Agri-Environmental Planning
- Integrated Watershed Management Planning

The Landscape Stewardship Specialist Team supported GO Teams in agri-environmental initiatives and activities. The team focused on working with MAFRI staff, and producer groups to support local agri-environmental activities and initiatives designed to increase the adoption of beneficial management practices. The team provided technical support to the farm planning initiative, including the review and editing of the EFP workbook, and the preparation of additional BMP extension material including the BMP mini-series.

Staff delivered five nutrient management extension workshops. Through assessment of on-farm environmental risk and the development of a sound soil and manure testing program, producers can identify and adopt beneficial management practices for nutrient management.

Three soil productivity workshops were also conducted with the objective of training producers and agency staff in soil and landscape properties and the implications for crop management.

Environmental Farm Planning

In 2006/2007, MAFRI GO Teams supported by LSST staff, delivered 359 individual environmental farm plan (EFP) workshops. At the first EFP workshop (179 in attendance), producers identified environmental risks and opportunities. At the second workshop (180 in attendance), producers developed an environmental action plan.

Canada-Manitoba Farm Stewardship Program (CMFSP) yielded the following results for the 2006/2007 fiscal year:

- 86 projects approved but not completed ($0.802 million)
- 2,057 projects approved and completed ($9.01 million)
- 2,143 total projects ($9.813 million)

Based on the number of applications approved, the top five categories for the 2006/2007 year included:

1. Improved Cropping Systems
2. Wintering Site Management
3. Product and Waste Management
4. Improved Pest Management
5. Nutrient Management Planning

Equivalent Agri-Environmental Planning (EAEP)

Contribution Agreements were signed to complete Equivalent Agri-Environmental Planning (EAEP) in eight watersheds *(proponents are indicated in italics)*:

1. East Souris River Watershed *(Turtle Mountain CD)*
2. Assiniboine West Birdtail River Watershed *(Lake of the Prairies CD)*
3. Shell River Watershed *(Lake of the Prairies CD)*
4. Little Saskatchewan River Watershed *(Little Saskatchewan River CD)*
5. Arrow Oak River Watershed *(Little Saskatchewan River CD)*
6. Oak Lake Aquifer *(West Souris River CD)*
7. Assiniboine Delta Aquifer *(MB Horticultural Productivity Enhancement Centre Inc.)*
8. Boyne River Watershed *(LaSalle Redboine CD)*
9. Staff worked with the Manitoba Canola Growers Association to develop a pilot commodity-based EAEP.

Staff worked with proponents to host 100 workshops, with approximately 1050 producers attending. Statement of Completions were issued to 141 producers who participated in the EAEP process. Of the nine EAEP projects, eight have prepared issue management strategies and seven have received final plan approval.

Integrated Watershed Management Planning

The Landscape Stewardship Specialist Team provided soil and agriculture resource information to seven integrated watershed management planning programs led by Water Planning Authorities.

The seven watersheds are: Shell River, Assiniboine-Birdtail, Arrow Oak, Little Saskatchewan River, LaSalle River, East Interlake and Seine-Rat River. The first five watershed planning programs are integrated with the EAEP program. The Team provided technical resource information that contributed to community driven State of the Watershed Reports, Watershed Report Cards and Drinking Water Source Protection Plans.

Other Projects

Landscape Stewardship Specialist Team also provided technical assistance to the WEBS Project, directed at evaluating the effectiveness of watershed based beneficial management practices. Included in the WEBS support is the collaboration to validate the National Agri-Environmental Health Analysis and Reporting Program (NAHARP) indicators water quality risk.

Technical support and project management support to the ALUS Research Project in the Rural Municipality (RM) of Blanshard was provided for year one of the project.

Resource Management

The Resource Management Team (RMT) participated on the following agri-environmental programs:

Climate and Green Initiatives

Staff have participated in multi departmental initiatives in support of the Manitoba Government's commitment to Climate and Green Initiatives. The focus of agriculture's approach has been three pronged, focusing on mitigation of greenhouse gas emissions, sequestration potential, and long term adaptation to climate change. The province has announced a "green registry" focused on developing a voluntary offset credit process, initially focusing on establishing a voluntary market, with a long term goal of active offset trading. Staff have invested considerable time developing and assessing offset protocols for a potential new market for agriculture producers.

Livestock and Manure Management

Staff continued to provide technical support to develop of a Phosphorus-based approach to nutrient management planning. Technical support was also provided to the Clean Environment Commission as part of the Hog Production Industry Review Hearings. Staff provided assistance on manure management programs, and helped design and deliver nutrient management extension workshops that will be expanded throughout the province with support from MAFRI GO Team staff. Technical review of soil and landscape properties and manure nutrient management requirements for proposed Livestock Operations (Technical Review Committee Reports) were provided by RMT staff. Assistance was also provided to the two week summer Crop Diagnostic School with the University of Manitoba and Crop Industry Knowledge Centre.

Livestock Mortality Management

Continued technical support was provided in promoting principles of proper disposal/utilization of livestock mortalities: composting, incineration, burial and rendering. Three "Composting for Agricultural Producers" Courses were held in partnership with Agriculture Canada and Resource Conservation Manitoba. Sixty-nine producers, industry and government staff attended the three workshops.

Staff provided technical support to investigate the feasibility of anaerobic digestion and composting projects in Manitoba and research was also conducted on solar greenhouses and their potential use.

Ecological Goods and Services

Staff provided technical support and project management to the ALUS Research Project in the RM of Blanshard. This project is in the first year of a three-year pilot intended to test the delivery of incentives to producers for the provision of ecological goods and services. Staff also provided support to national and provincial policy research on the costs and benefits of ecological goods and services.

Soil and Landscape Management

In 2006/2007, field mapping and soil characterization activities was continued in the Municipality of Elton at a scale of 1:20,000. Field and laboratory equipment was purchased to support the program and facilitate field characterization of soils. Approximately 65 sections were surveyed at 1:20,000 in the RM of Elton over the field season. The laboratory staff processed and analyzed approximately 1400 soil samples for various soil chemical and physical properties, including Calcium Carbonate (CaC03), particle size, organic carbon, pH, electrical conductivity, and field moisture.

Field mapping and inventory activities were completed in the Municipality of Springfield at a detailed scale. Field correlation, editing, digitizing and final map production will continue for the RM of DeSalaberry.

The RM of Tache is being correlated, edited, digitized and final map production is in progress. The ongoing program of soil correlation and systematic soil sampling for a range of chemical and physical analyses, including soil moisture properties, soil texture and soil salinity was carried out in the Municipalities of Elton, Ritchot, Tache and DeSalaberry.

3 (d) Agri-Environment

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	1,279.7	29.54	1,724.3	(444.6)	1
(2) Other Expenditures	548.0		680.1	(132.1)	
Total Sub-Appropriation	**1,827.7**	**29.54**	**2,404.4**	**(576.7)**	

1 The under expenditure is mainly due to expenditure management to meet government's fiscal restraints and offset increased departmental program and operating costs.

Appropriation 3 (e) – Land Use Planning

The primary objective of the Land Use Planning and Policy Knowledge Centre is to support and protect Manitoba's agricultural land use and farm operations. This is to ensure a viable agricultural land base exists for present and future food production and diversification opportunities through sustainable land use planning, the agricultural Crown land management program, and the Technical Review process for livestock operations.

The Land Use Planning and Policy Knowledge Centre is required to provide consistent positive planning and support to municipalities, planning districts and agri-industry by providing preliminary technical assessments, land use policy, and technical information on livestock operations. Also, the Centre is responsible to Chair and update the Technical Review Process, including terms of reference, report guidelines, applicant information forms and to coordinate multi-departmental input. Development of a new Land Use Planning and Policy Knowledge Centre has evolved, incorporating the need to develop knowledge and communication support that fosters awareness of issues and opportunities related to land use planning.

Consistent with overall policy, the Centre was responsible for the following activities and land use actions:

- Land Use supported over 700 land use proposals and 2500 leases on more than 2.4 million acres of Crown land.
- Technical Review Committees reviewed over 30 proposals for new or expanding livestock operations.
- The Knowledge Centre was responsible for the development of seamless program delivery in cooperation with the newly developed Crown Lands and Property Agency.
- *The Planning Act* (newly implemented) includes changes to assist planning for livestock, and requires development plans, zoning by-laws, and livestock operation policies within two years.
- *The Technical Review Process Act* was incorporated in *The Planning Act* detailing specific requirements. Departments were required to consider the resource needs of the new Act.
- The Knowledge Centre also makes decisions on land uses that compete and create land use conflict with agriculture opportunities in the present and future, including: hobby farms, rural residential and large lot subdivisions.
- Multi land use planning initiatives, including the potential allocation of land to resource users, i.e. forestry, agriculture, and parks.
- Agricultural Livestock Diversification: a broader maintenance of agriculture visibility for both present and future.

Land Use Acts, Regulations & Policy

The Land Use Planning and Policy Knowledge Centre represents agricultural interests of:

- *The Crown Lands Act*
- *The Agricultural Crown Lands Act*
- *The Planning Act*
- The Provincial Land Use Policies Regulation
- Technical Review Process
- Development Plans
- Zoning By-Laws
- Livestock Operation Policies

The Knowledge Centre also has an indirect role in other legislation, which includes:

- *The Environment Act*
- *The Water Protection Act*
- The Water Quality Management Zones Regulation
- *The Pesticides and Fertilizer Controls Act*
- The Livestock Manure and Mortalities Management Regulations
- *Building and Mobile Home Act*
- *Farm Practices Protection Act*

Agricultural Crown Lands

The primary objective of the Agricultural Crown Land Use section is to:

- Manage agricultural Crown lands including the determination of land use and implementation of management plans.
- Setting the rental rate on Crown land.
- Resolve land and client issues.
- Allocate available Crown lands for lease/permit.
- Promote the productivity and sustainable use of agricultural Crown lands.
- Support the Agricultural Crown Lands Appeal Board, in relation to, implementation of the Crown land planning process (including the Block Planning Process)

The Agricultural Crown Land Use Section represents the agricultural interests in Crown lands for the benefit of both lessees and the province of Manitoba. The Section implements land use actions consistent with *The Crown Lands Act* and the Crown lands policies and procedures manual.

Fiscal Overview

During 2006/2007, the section managed 2.4 million acres of Crown land. This included the management of:

- 2199 long-term forage leases involving 1,540,880 acres.
- 77 cropping leases involving 10,883 acres.
- Approximately 51,381 head of cattle and 1,113 horses/colts using 24 Prairie Farm Rehabilitation Administration (PFRA) pastures during the 2006 summer grazing season.

The remaining lands are offered for permit on a yearly basis.

Agricultural Crown Lands provides a liaison with PFRA on approximately 395,506 acres for the community pasture program that operates primarily on provincial Crown land.

Land Use staff support the land use designation and allocation of Crown lands for agriculture and other resource uses (parks, wildlife, forestry), and includes the Block Planning Committee Process.

3 (e) Land Use Planning

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	747.1	11.00	770.9	(23.8)	
(2) Other Expenditures	678.4		745.1	(66.7)	
Total Sub-Appropriation	**1,425.5**	**11.00**	**1,516.0**	**(90.5)**	

Appropriation 3 (f) – Agri-Food Innovation and Adaptation

Agri-Food Innovation and Adaptation (AFIA) is a knowledge centre whose primary concerns are developing and delivering the province's programs with regard to science and innovation in support of growth and sustainability in the agri-food and rural sectors. Innovation Services provides leadership and coordination for the province by way of awarding financial support to institutions, organizations, businesses, and individuals engaged in the development of new knowledge and technology. In addition, Innovation Services staff are engaged directly in conducting applied field investigations into crop diversification and utilization on behalf of producer organizations. The Agri-Energy Office provides leadership and coordination of renewable energy programming pertaining to agriculture's ability to be both a supplier and consumer of non-fossil energy.

Innovation Services represents government's contribution of leadership, policy and programming to the development of the bio-economy in Manitoba. Focus areas include: functional foods and nutraceuticals, bio-energy and bio-materials.

The Agri-Food Innovation and Adaptation Knowledge Centre achieved the following results in 2006/2007:

- Support in the evaluation of 53 proposals to Agri-Food Research and Development Initiative (ARDI) of which 28 were awarded funding by the ARDI Council. A total of $1.75 million was awarded during the fiscal year.
- The University of Manitoba grant enabled 126 projects in areas determined to be high priority by AFIA and other Knowledge Centres of the Department.
- The grant to Prairie Agricultural Machinery Institute (PAMI) was administered with oversight provided by AFIA.
- The Science and Innovation pillar of the Agricultural Policy Framework was successfully administered including the following projects relevant to Manitoba and with Manitoba proponents received funding:
  - Potato Innovation Network
  - Flax 2015 Phase II
  - Canola Product Research Fund
  - Pulse Innovation Program
  - Commercialization of Biofibres for Composite Applications

Staff continued to facilitate and support innovation-based economic development. A Memorandum of Understanding was signed between Manitoba and the Jewish National Fund to promote technology exchange with Israel. Work continued to assist Parkland Biofibre in establishing a hemp processing plant in Dauphin. A fibre procurement study was designed to support future processing of agricultural fibre. Significant effort has been expanded in developing the functional food sector including research projects and the delivery of commercialization roadmap training for entrepreneurs. Funding was provided for equipment at the Richardson Centre for Functional and Nutraceuticals (RCFFN). The Manitoba Agri-Health Research Network was implemented to coordinate outreach activities of the Functional Food Cluster which consists of RCFFN, Canadian Centre for Agri-Food Research in Health and Medicine and Food and Development Centre.

Funding was provided to the University of Manitoba's Glenlea Farm Education Centre to establish a public facility geared toward educating consumers about food production.

Staff supported the funding and operation of four industry and producer led diversification centres:

- Parkland Crop Diversification Foundation;
- Westman Agricultural Diversification Organization;
- Prairies East Sustainable Agriculture Initiative;
- Canada-Manitoba Crop Diversification Centre.

In 2006/2007 applied research was conducted at these centres in support of the following industries:

- Forage Seed
- Hemp
- Pulses
- Barley
- Alfalfa
- Saskatoon Berries
- Flax
- Biofuel Feedstocks
- Canola
- Corn
- Potatoes

Results were distributed through GO Teams, newsletters, and field demonstrations.

The Manitoba Crop Variety Evaluation Team (MCVET) program was administered by AFIA staff and the Crop Industry Knowledge Centre resulting in the province-wide evaluation of crop varieties. Results were provided to producers and the industry through the publication *Seed Manitoba* which was distributed directly to 15,000 farmers in cooperation with the *Farmers' Independent Weekly* newspaper.

The Agri-Energy Office has, in cooperation with Science, Technology, Energy and Mines (STEM), developed and delivered programs and information in the rapidly evolving area of bio-energy. This includes:

- Biodiesel
- Ethanol
- Methane from anaerobic digestion
- Wind Power
- Biomass

Staff focused on the collection, interpretation and dissemination of agronomic, engineering, economic and environmental information in support of policy development, community projects and increasing the technical competency of Manitoba in bio-energy. AFIA and the MAFRI Agri-Energy team function as the main resource for agri-energy information for Manitobans.

Staff worked with clients on 25 proposals for ethanol and biodiesel plants. Business and technology assessments were provided and several support projects were brokered. Staff supported the activities of the Biodiesel Board. A tour was conducted of Minnesota renewable energy projects with 40 representatives of community and private agri-energy initiatives participating. Staff developed or participated in 25 extension meetings outlining opportunities in renewable energy for producers and communities. Projects were developed with individual entrepreneurs in the area of biomass energy and bioproducts including an interdepartmental effort to facilitate the future operation of the strawboard plant at Elie.

3 (f) Agri-Food Innovation and Adaptation

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	983.5	17.80	1,252.9	(269.4)	1
(2) Other Expenditures	219.2		279.1	(59.9)	
Total Sub-Appropriation	**1,202.7**	**17.80**	**1,532.0**	**(329.3)**	

1. The under expenditure is mainly due to expenditure management to meet government's fiscal restraintsand offset increased departmental program and operating costs.

Appropriation 3 (g) – Agri-Food Research and Development Initiative

The overall objectives of Agri-Food Research and Development Initiative (ARDI) are to provide funding for:

- Initiatives aimed at enhancing diversification and value-added opportunities in Manitoba's agri-food sector.
- Assistance and support to provincial and local organizations to encourage the adoption of sustainable agricultural practices.
- Support of agricultural research.

Agriculture Research and Development Initiative

The overall objectives of Agriculture Research and Development Initiative are to provide funding for an agriculture development and research initiative aimed at enhancing diversification and value-added opportunities in Manitoba's agri-food sector, to provide funding assistance and support to provincial and local organizations to encourage the adoption of sustainable agricultural practices, and to provide funding in support of agricultural research.

Funding for this initiative is made available by federal and provincial governments for research and development projects under the Canada-Manitoba Agri-Food Research and Development Initiative Agreement.

The Province of Manitoba contributed $1,000,000 to ARDI in 2006/2007. The ARDI council approved 28 projects in 2006/2007 with financial commitments totaling over $1,750,000. ARDI provided, on average, 50 per cent of total funding for research and development projects, with matching dollars contributed by industry. The process is forecasted to produce new investments in research and development totaling $3,000,000 in Manitoba. ARDI also provided project-by-project financial support to commodity groups, individuals, industry, and institutions based upon expected potential for return on investment dollars. The program focused on value-added processing, enhanced production, and exporting of higher value products.

There are three major partners involved in the management of the ARDI program:

- The ARDI Program Council is responsible for developing ARDI program objectives, policies, and project assessment criteria. The council also prioritized ARDI funding and approves eligible project proposals. The ARDI Program Council is an independent committee with representatives from the agriculture and agri-food sector, along with federal and provincial non-voting members.
- The Manitoba Association of Agricultural Societies (MAAS) carried out the day-to-day administration of ARDI. MAAS accepts and coordinates funding proposals and administers the disbursement of funds.
- MAFRI Program Advisors provided advisory assistance to MAAS and the ARDI Program Council by facilitating assessments of eligible project proposals on behalf of the council.

In 2006/2007, ARDI facilitated many diverse projects in the following eligible categories:

- Commodities that are well-established and present additional growth or development opportunities.
- Commodities that are new or alternative and present opportunities for development in Manitoba.
- Bioenergy, biofibres, and biotechnology.
- Sustainability of the resource base and the environment.
- Other innovative proposals.

Sustainable Development

The major performance indicators of ARDI surrounded Manitoba-funded ARDI projects, 13 of which met the criteria of sustainable development during the 2006/2007 fiscal year for a combined research

expenditure of $961,656. The research subjects included examining the usage of biopesticides and biocontrols, methods to manage Fusarium Head Blight in wheat, and energy efficient greenhouse design.

3 (g) Agri-Food Research and Development Initiative

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	$(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	1,283.0		1,000.0	283.0	1
Total Sub-Appropriation	**1,283.0**		**1,000.0**	**283.0**	

1. The over expenditure is mainly due to entering new partnerships to enhance research and development projects.

Appropriation 3 (h) – Grant to the University of Manitoba

The objective of the University of Manitoba grant is to support Faculty of Agricultural and Food Sciences research, with projects primarily aimed at enhancing the productivity and growth of Manitoba's agriculture and food sector. The grant financially assists the Glenlea Research Station and research projects conducted by the faculty. The $868.0 grant enabled 126 projects in 2006/2007.

MAFRI funding represents a significant proportion of total government and corporate contributions for research activities of the faculty. Various departments within the faculty received monetary grants to assist in their research activities.

The Department's grant is important in supporting the faculty's research, which is aimed at diversifying and sustaining Manitoba's agricultural and agri-food industry. The grant is also a valuable resource to the faculty because it helps attract additional outside funding for agricultural research. More specifically, it serves as a valuable leverage factor in drawing additional resource commitments from other organizations.

3 (h) Grant to the University of Manitoba

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	$(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants Transfer Payments	868.3		868.3	-	
Total Sub-Appropriation	868.3		868.3	-	

Appropriation 3 (i) – Grant to the Prairie Agricultural Machinery Institute (PAMI)

The Department provides financial support to the Prairie Agricultural Machinery Institute (PAMI) for conducting agricultural research, development, and testing of farm equipment and technology aimed at enhancing the productivity and income of Manitoba's agricultural producers. PAMI operates out of Portage la Prairie, Manitoba and Humboldt, Saskatchewan. Financial support is provided through an agreement between the Province of Manitoba and the Province of Saskatchewan.

Under the terms of this agreement, Manitoba provides an annual grant of $332,500 to support PAMI activities.

PAMI applies technology as a tool for economic development through client-driven activities. These activities support Manitoba's priorities for international competition, diversification and value-added processing, livestock production, risk management, environmental protection and farm safety.

Through its practical research and development, PAMI plays an important role in technology transfer to assist producers, and the industry, to improve their operations.

3 (i) Grant to the Prairie Agricultural Machinery Institute

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	332.5		332.5	-	
Total Sub-Appropriation	332.5		332.5	-	

Appropriation 3 (j) – Agricultural Sustainability Initiative

The objectives of the Agricultural Sustainability Initiative's Covering New Ground Program (CNG) are to:

- Facilitate the adoption of effective resource management and environmentally sustainable practices to enhance long-term sustainability and competitiveness of the agri-food sector.
- Assist with the conservation and enhancement of the natural soil, water, and atmospheric resources that agriculture uses and shares by ensuring the environmental sustainability of the practices employed in the agri-food sector.

CNG funds activities in the following areas:

- Sustainable crop management,
- Sustainable forage / livestock management,
- Integrated pest management, with a goal of developing on-farm management activities to address environmental challenges.

In 2006/2007 five new strategic themes were added to the funding areas under CNG as follows:

- Water quality related to agriculture issues,
- Agri-energy,
- Biological cropping systems,
- Northern foods / new production systems,
- Ecological goods and services, which provide targeted funding to address current environmental issues related to agriculture.

Delivery of programming occurs through:

- Local producer groups located throughout rural Manitoba,
- Provincial based commodity and agricultural organizations,
- Three regional crop diversification centers:
    - The Parkland Crop Diversification Foundation
    - The Westman Agricultural Diversification Organization
    - The Prairies East Sustainable Agricultural Initiative

In 2006/2007, 57 proponents conducted sustainable agriculture related projects totaling approximately $600,000.

Eighteen sustainable crop management projects were conducted by 15 proponents totaling $75,000. The projects addressed issues relating to soil conservation, reduced tillage, and winter cover crops.

Disease, insect, and weed management issues were addressed under the integrated pest management program area. Eight proponents conducted ten projects totaling $62,000. Twenty-four proponents conducted 35 sustainable forage/livestock management projects totaling approximately $259,000. Priorities under this program area include: nutrient, livestock, pasture and grazing management.

Three proponents conducted water quality projects totaling $66,000. Projects covered topics such as how agriculture practices affect water quality. Nine biological cropping systems projects were conducted by nine proponents addressing issues such as rotational studies and including forages in rotation. Approximately $42,000 was spent on these projects. One project for $49,500 was undertaken on ecological goods and services. Eight agri-energy projects were conducted by six proponents totaling approximately $74,000. Topics included anaerobic digestion and bio-energy.

Three diversification centers in Melita, Roblin, and Arborg conducted 56 different trials dealing with crop diversification opportunities including agri-energy. Funding for the centers was approximately $225,000.00.

Communication of activities occurred through newsletters, radio interviews, news releases and articles, seminars, workshops, field days, fact sheets, guides, reports, and other extension materials.

Sustainable Development

The CNG program followed a number of the Principles and Guidelines of Sustainable Development.

The Agri-Environment Knowledge Centre administers the provincial CNG program. The mandate of the CNG program is to promote the awareness and adoption of agricultural practices that promote economic sustainability while improving the long-term sustainability of the natural ecosystem. CNG accomplishes this mandate by partnering with local producer groups, provincial commodity associations, and crop diversification centers to deliver applied research, demonstration, and technology transfer projects. A listing of all CNG project results can be found at the CNG searchable database at *http://web2.gov.mb.ca/agriculture/cng/index.php*.

Integration of Environment and Economic Decisions (Principle #1)
In 2006/2007, CNG projects which addressed environmental and economic concerns, include:

Projects such as Promoting Alternatives to Stubble Burning look for environmentally and economically sustainable solutions to producer concerns.

The project: Manitoba Late Blight Disease Forecasting and Management Program recognized that there is both an environmental and economic concern regarding disease management. Fungicide application based on disease forecasts can help ensure that treatment is applied when necessary. The end result was to advise producers on proper application timing, thereby potentially reducing pesticide load on the environment and saving producers' money.

Stewardship (Principle #2)
By providing a source of funding that is accessible at the grassroots level, the CNG program is encouraging producers and local organizations to develop their vision of sustainable agriculture.

In a recent consultation, producers understood that the expression "sustainable agriculture: and the responsibility of stewards of the land" recognizes the importance of maintaining agriculture resources for future generations.

The project: Invasive Weed Species Mapping and Awareness recognized the need for proper and targeted management. Once established, these weed species can dramatically reduce the productivity of forage stands. The end result was to advise producers and rural municipalities (RMs) on the location of these weeds as well as proper weed management strategies in order to stop the spread of invasive weeds.

Shared Responsibility and Understanding (Principle #3)
The CNG program addressed the principle of shared responsibility and understanding by bringing together partners from government, producers, environmental organizations, industry, and academic institutions. CNG projects were developed by partners with shared goals and understandings.

Public education and involvement was a component in the majority of CNG projects. The CNG program focuses on partnerships with local organizations and also promoted public involvement. CNG projects have developed newsletters and fact sheets for producers, and hosted field trips and workshops. A primary objective of many CNG funded projects is the dissemination of information about new technologies and techniques for sustainable agriculture.

The Soil Productivity Workshops project raised awareness about soil sustainability and management issues. Also, the projects South Parkland Workshop Series on Integrated Pest Management and the Pest Management Report provided extension of integrated pest management opportunities for weeds, insects

and diseases. The goal was to increase producer awareness in order that proper on-farm management decisions would be made.

Prevention (Principle #4)
Many CNG projects are designed to monitor, prevent, and mitigate adverse environmental, social, and economic effects. For example, one of the CNG priorities is to demonstrate and extend information to reduce phosphorus loading on farms and fields.

The Nutrient Management and Budget Workshop and South Parkland Workshop on Nutrient Value and Proper Manure Utilization projects provided training for producers to manage manure on their farms. In this case, informing producers of current and new manure management regulations will prevent improper manure handling which could result in increased nitrogen and phosphorus loading on the environment.

Conservation and Enhancement (Principle #5)
The Vegetated Buffer Strip Demonstration project promotes a technique that encourages stream bank and soil conservation.

A new project undertaken in 2006/2007 (and the first of its kind in Canada) was the Alternative Land Use Services (ALUS), an Ecological Goods & Services Pilot Project. It is an incentive-based, private land conservation program that pays agricultural producers to maintain and enhance the natural assets that they manage. ALUS is based on the concept of paying producers to provide environmental benefits. The project was very successful with roughly 75% of the landowners in the RM participating in the program. The payments reflect the positive contributions agricultural landowners make towards clean air and water and biodiversity, by managing the natural assets on their land.

Rehabilitation and Reclamation (Principle #6)
The Soil Salinity Reclamation Project demonstrated beneficial management practices (BMPs) in regards to preventing soil degradation, erosion, and salinity management. By cultivating areas with high water tables, alkali soils and poor drainage, farmers increase the salinity levels of these lands. A demonstration of rehabilitating fields in poor condition, area farmers can learn BMPs in regards to improved soil management.

Global Responsibility (Principle #7)
The CNG program encouraged local solutions to problems and builds capacity in local organizations. Some CNG projects, such as: Integrated Control of Forage Legume Diseases, have served as models for programs in other areas. These made-in-Manitoba programs have a broader impact on agricultural sustainability.

Although the CNG program does not fund direct research and development projects, it provides an important link in the application of new techniques and technologies. CNG projects help make the link between what is scientifically feasible and what is practical in an agricultural setting. This helps ensure continuous improvement in agricultural practices and also provides important practical feedback on scientific research.

3 (j) Agricultural Sustainability Initiative

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	$(000s)	Variance Over/(Under) $(000s)	Expl. No.
Other Expenditures	732.7		1,118.5	(385.8)	1
Total Sub-Appropriation	732.7		1,118.5	(385.8)	

1.The under expenditure is the result of a delay in anaerobic digester purchases due to construction issues and not receiving as many eligible projects as expected

Appropriation 3 (k) – Irrigation Development

The Irrigation Development Program (IDP) supports programming in:

- off-farm irrigation infrastructure development;
- included area, block development and management;
- investigation and demonstration; and
- technology transfer, environmental protection, public awareness, education, and communication.

All infrastructure projects must receive appropriate *Environment Act* licensing and meet federal requirements including those from the Department of Fisheries and Oceans. Funding is also provided to support investigation, demonstration and technology transfer of sustainable water management practices, as well as environmental monitoring activities.

An Irrigation Coordinating Committee, with representation from MAFRI and Prairie Farm Rehabilitation Agency (PFRA), coordinates activities and funding support to infrastructure projects. Planning and obtaining regulatory approval continued on 25 projects. Ten infrastructure projects were supported in 2006/2007 that developed approximately 1640 annually irrigated acres. Seven projects supported investigation, demonstration and technology transfer, and public awareness.

3 (k) Irrigation Development

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl No.
Other Expenditures	519.9		922.5	(402.6)	1
Total Sub-Appropriation	**519.9**		**922.5**	**(402.6)**	

1. The under expenditure is primarily due to deferral of projects as part of the department's expenditure management process to meet higher than anticipated diagnostic testing in Livestock Industry (3A).

Appropriation 4
Agri-Food and Rural Development

The Agri-Food and Rural Development Division provides front-line delivery and supporting programs in partnership with stakeholders to enhance the viability of family farms, to provide value-added and diversification opportunities, to strengthen the capacity of Manitoba's food processing industry, and to build vibrant rural and northern communities.

Through the division's Growing Opportunities (GO) Centres Branch and Knowledge Centers, extension services and technical leadership is delivered by staff in farm production, farm and rural business management, community and economic development, aborigina agriculture, immigration, youth and leadership capacity development, urban and consumer awareness, northern foods, food processing, industrial development and food commercialization and marketing.

The Division provides leadership and resources to accelerate initiatives that will create new employment opportunities and capital investment that anchors sustainable communities. Financial and professional support is also supplied to economically viable projects in partnership with communities, municipal governments, local and regional community development organizations, entrepreneurs, businesses, cooperatives, and youth organizations.

The Agri-Food and Rural Development Division also works closely with institutions such as the Rural Development Institute, the University of Manitoba, and the Canadian Centre for Agri-food Research in Health and Medicine to provide a platform of research and science that facilitates economic development and commercialization in Manitoba's agriculture and rural sectors.

Appropriation 4 (a) – Growing Opportunities (GO) Centres

The impacts of the GO Centres extension programs in 2006/2007 are listed under five MAFRI Priorities and Strategies. GO Centres worked to deliver service to clients in cooperation with other departments implementing a single window service approach to client service.

Advisory Councils

Each GO Team established an Advisory Council comprised of agricultural producers, entrepreneurs, community leaders, and business people. These advisory councils assisted GO Centres with the development of three-year directional plans that link to the department's priorities.

The Advisory Councils suggested priorities for the GO Centres to address including the reduction of production costs in terms of energy, agricultural labour needs, farm succession, small farms programming, weed and insect management, and livestock and forage production. The Advisory Council also recognized the need to develop "buy local" attitudes in consumers, the development of e-commerce opportunities and infrastructure, the encouragement of community members to invest locally, the need for communities to work cooperatively, and the development of co-operatives and value chain opportunities.

GO Team Advisory Councils identified interest in health and wellness suggesting that producers need to market their foods as healthy to receive a fair price and better relate healthy food to good management at the farm level. Timely extension by MAFRI staff was cited as crucial to aid producers and processors in understanding and complying with regulations and responding to issues.

Farm Profitability

In 2006/2007 the GO Centres provided extension programming, information, and programs in support of farm profitability. This was coordinated through the development of teams which are comprised of department staff and industry stakeholders.
GO Team staff have worked in 15 teams focussing on production efficiencies and profitability for livestock, forage and crop production in traditional practices as well as new niche market strategies.

GO Team staff work directly with commodity groups such as the Manitoba Forage Seed Association, Manitoba Forage Council, the Manitoba Potato Growers Association, and other organizations.

Value Added

In 2006/2007, the GO Centres staff provided support to over 250 business development projects in a wide variety of business types including bio-fibre and agri-energy. Staff partnered with Stonewall and District Innovative Crops Committee (SADICC) and Eastern Plain Saskatoon Inc. (EPSI) to develop information packages on Saskatoon production and diversification along with a demonstration Saskatoon orchard in Stonewall. Staff provided industry with assessments of agricultural crown lands for timber harvesting possibilities in Manitoba.

Staff produced Cost of Production (COP) information for organic milk production and processing, potato production, beef feedlots and agri-Energy projects such as ethanol and bio-diesel. Staff updated the value-added development resource the "Blue Box", providing clients with information on value added and business development opportunities. South Parkland GO Team produced an agriculture and rural tourism resource guide listing resources in the South Parkland. Staff assisted in the planning and development of a non-timber forest product promotional video.

GO Centres have targeted specific client groups and program areas in an effort to provide development assistance, including women producers, Aboriginal groups and northern clients. Staff worked with four first nations in value-added business development projects, a Hutterite Colony and First Nations community on a joint manufacturing proposal, a First Nation's establishment of a Market Garden Club with the goal of marketing produce in the community, and "Working with Livestock for Women" workshops.

Through meetings and involvement in Rural Forum, rural clients learned about opportunities to add value to their commodities through food processing and commercial kitchen projects.

Staff developed new partnerships which address the feasibility of several business projects which included producers, community groups, and business people in rural communities focusing development of new business enterprises such as agri-energy, food processing, broadband development, bio-fibre, electronic marketing, and organic production development.

Rural Economic Development

GO Team staff continue to work on partnerships with local Rural Municipalities, Chambers of Commerce, Community Development Corporations (CDC), Community Futures Development Corporations (CFDC), Regional Development Corporations (RDC) and CEDM (Association of Bilingual Municipalities). To coordinate these efforts, several GO Centres have formed Community Economic Development (CED) practitioner groups.

In 2006/2007 the GO Centres Branch provided the following support of rural economic development:

- GO Centres staff provided support to the 4-H program, providing leadership and skill development opportunities to 1772 leaders working with 4211 members in 216 clubs in 2006/2007. Staff delivered Junior Achievement entrepreneurial and business skills workshops to junior high students in rural

Manitoba schools on topics such as: soil conservation, water management, agriculture production, agricultural awareness, business, and entrepreneurship.

- Staff provided support to aboriginal communities in developing food self-sufficiency activities through the Northern Healthy Food Initiative, as well as through the Aboriginal 4-H program. Staff has been in consultation with the Manitoba Metis Federation exploring opportunities for youth and business development. Staff worked in partnership with more than seven First Nations in development of community projects.

Staff facilitated strategic planning with groups to increase community participation. An example of this was the strategic development of plans by staff which created new business along the bay line and Port of Churchill. Community Enterprise Development (CED) practitioner groups were formed in several GO Centres to work together to identify opportunities for the area.

In partnering with Rural Municipalities (RM) and Economic Development Officers (EDO), staff assisted in identifying skilled labour shortages. An immigration research project was developed which summarizes community capacity to attract and support immigrants for North Interlake. Valleys North GO Team is partnered with RMs and EDOs in major immigration promotion. The Pembina, North Interlake, and Red River GO Centres coordinated immigration development projects under the Manitoba Opportunities Fund to support immigration/rural migration strategies.

A Youth Volunteer Initiative in the Interlake has provided an opportunity for youth to learn about the impact of volunteering in their community. During Small Business Week, partnerships were created through over 100 business development activities undertaken across the province.

GO Team staff delivered the Home Town Manitoba program. This was the first year that staff were responsible for promotion, intake, and review of applications with a 61% increase in applications received. In 2006/2007, a total of 168 applications were approved for a total commitment of $313.1.

Valleys North GO Team and MAFRI staff across the department have assisted in developing the Northern Forest Diversification Centre (NFDC) and the Wild Harvesters Co-operative Association to assume commercial business status.

Environmental Sustainability

In 2006/2007, staff delivered extension programming to support environmental sustainability to livestock and crop producers, as well as food processors. Staff delivered the Environmental Farm Plans (EFP) program which included 702 workshops with 5750 producers attending involving the assessment of over 6.7 million acres.

Cattle producers continue to be the main focus for Manure Management Planning extension and accepted dead stock removal education. GO Centres trained over 50 producers in Manure Management Planning and educated producers about dead stock removal as well as the value of manure.

Through the Covering New Ground program, staff delivered demonstrations on sustainable agricultural practises. Agricultural producers learned sustainable techniques from participation in several tours, field days, and seminars.

The "Managing the Water's Edge" project increased land owner awareness on riparian zone issues and management strategies through producer meetings, workshops, fact sheets, and manuals.

The Alternative Energy Conference for Farm, Home and Business is an opportunity for 100 farmers, rural residents, and business owners to learn about alternative energy options. GO Centres staff were involved in delivery of the Alternate Land Use (ALUS) program in the RM of Blanshard.

Health and Wellness

GO Team Staff worked with organizations to promote the linkages between healthy food, a healthy lifestyle and personal health including Wellness Committees, Agriculture in the Classroom (Manitoba) and other organizations/departments (Regional Health Authorities, Health, Healthy Living and Education). Through involvement in Community Health Fairs, Wellness Expo, and resource development, staff demonstrated the connection between agriculture and health to the public.

GO Team staff were involved in two teams related to health and wellness including:

- The Nutraceuticals and Functional Food Team,
- The Organics Team,
- GO Centres staff also support industry in establishing and maintaining on-farm food safety standards and practices. GO Team staff have assisted with training the trainers for Manitoba Turkey Producers On-Farm Food Safety Program, and keeping producers up-to-date and aware of national tracking and traceability initiatives (Canadian Cattle Identification Agency).

Eleven GO Centres met with the Food Safety Initiative (FSI) staff to learn about and promote the FSI Program and the resources that could help processors in their area. Staff assisted food processors to implement Good Manufacturing Practices (GMP) and Hazardous Analysis and Critical Control Point (HACCP) systems in their food processing facilities.

GO Team Staff participated in training to protect human health from zoonotic diseases (Avian Influenza preparedness), animal health from serious diseases, and the welfare of domestic animals.

Northern Healthy Foods

The GO Centres staff worked with local Aboriginal Communities, Aboriginal and Northern Affairs, and Healthy Living to increase local food production in northern and Aboriginal communities including Garden Hill, Cormorant, Sherridon, Oxford House and Berens River.

Staff developed and printed a Northern Gardening Manual as well as related fact sheet resources for northern gardeners and communities. Technical assistance and training was provided within communities to develop and maintain approximately 230 new gardens.

Staff developed food preservation workshops in freezing, cold storage, pickling, baby food preparation, and dehydration of fresh garden vegetables. Ten workshops were delivered to over 100 home gardeners in remote northern communities.

Public Awareness

The GO Centres Branch strives to increase public knowledge and awareness of the origin of their food. There was a strong focus placed on the promotion of high quality, safe locally produced foods and the marketing of Manitoba-produced agricultural products.

GO Centres staff coordinated the Great Taste of Manitoba TV project series partnering with nine producer organizations to increase awareness of Manitoba products as a preferred choice. The Bureau of Broadcast Measurement (BBM) ratings show that the program is viewed by an audience of approximately 35,000 to 49,500 across the province. Print booklets featuring the recipes prepared "on-air" were distributed through Manitoba Liquor Commission outlets. A joint web site http://www.foodmanitoba.ca provided another outlet for additional awareness of Manitoba foods. In addition, staff delivered a weekly CBC Saturday Morning Radio Show that showcased Manitoba foods and created awareness of local activities in the agriculture industry.

Numerous agricultural awareness displays were set up around the province including Heritage Day at the University of Winnipeg, Red River Exhibition, Wellness Expo, Celebrating Ag in the City at The Forks, the Royal Winter Fair, and Agriculture Awareness Day 2007.

Farm Safety

GO Team staff worked with community organizations, volunteers, and schools to organize and deliver safety education. A major initiative was the Progressive Agriculture Safety Days Program which increased safety awareness to 3600 participants and 960 volunteers across the province. Participants were elementary, middle school and senior high school students (who were also often involved as volunteers).

GO Team staff lead the delivery of public farm safety education through newsletters, presentations at extension events, and through a safe equipment farm operators' course for women.

4 (a) Growing Opportunities Centres

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	9,335.5	158.32	9,501.3	(165.8)	
(2) Other Expenditures	3,296.4		3,187.1	109.3	
Total Sub-Appropriation	12,631.9	158.32	12,688.4	(56.5)	

Appropriation 4 (b) - Economy and Rural Development

Economy and Rural Development Knowledge Centre is aimed at developing and sustaining a dynamic, and viable rural and northern Manitoba and to provide leadership in the areas of economy and rural development. The Economy and Rural Development Knowledge Centre is located in Brandon and is comprised of two sections.

The Farm and Rural Champion section's focus is development of the individual and community capacity and environment for economic growth to take place in the process of renewal toward a viable and sustainable rural and northern Manitoba. This section works to increase participation and involvement of specific target groups including youth, Aboriginal people, women, immigrants and young farmers.

The Business and Rural Development section focuses on increasing the prevalence of value-added processing, the growing of new businesses and the fostering of entrepreneurship in rural Manitoba. Another focus is to work to maintain and enhance existing rural businesses.

In support of these objectives, the Knowledge Centre provided cooperative development and business management services and information, facilitated industry promotion through collaboration and alliances, and partnered in building a more diversified rural Manitoba through organizational and leadership development. The Knowledge Centre was committed to excellence in information dissemination, resource development, consultation, and working cooperatively with GO teams to ensure the timely delivery of programs and services to clients.

Economy and Rural Development established and worked towards the following objectives in 2006/2007:

Increase economic activity and entrepreneurship in rural and northern Manitoba:

Rural Forum

Rural Forum 2007 renewed its focus on entrepreneurship and business development. New events included the Great Manitoba Food Fight with 30 participants and the Entrepreneur Elimination event. The Capturing Opportunities Awards were introduced to recognize rural successes and achievements. It also featured a variety of business and economic development seminars (Eg. Business Bear Pit, Innovative Food Product Development, A National, Global and Industry perspective on the Bio Economy) a Food Commercialization Station trade show, a Youth Town Hall and the Youth Business Institute. Registered delegate seminar attendance was 927, a 30% increase over the previous year.
In conjunction with the event, an accredited training workshop towards an Economic Development diploma was provided to 40 economic development practitioners.
Rural communities also came together to discuss issues and strategies related to child care and rural education at the Rural Forum. A total of 2000 people participated in Rural Forum 2007.

Regional Development Corporations (RDCs)

The RDC Program is built on the principles of community economic development whereby Manitoba communities have the skills and tools at their disposal to plan and take action locally. Seven RDCs located throughout the Province were supported in 2006/2007.

Some economic development activities reported by RDCs include:

- Heartland Regional Gasification,
- Northeast Regional Broadband project,
- regional equity participation for wind energy development in the north,
- expanded cellular coverage,
- development of the Prime Meridian Trail,
- Bio-diesel development in the southwest region,
- Business Retention and Expansion Program training,
- proposal and implementation for a potato vodka facility in the Pembina Valley region,
- development of a GIS enabled business investment website,

- facilitation of:
  - soybean processing facility,
  - a soup production facility,
  - an Alpaca processing mill

Provincial funding to the RDCs was $545.0 which is matched by municipal and local partner contributions.

Manitoba Agriventures Initiatives (MAVI)
MAVI made assistance available to facilitate industry development and business ventures that create new uses for agricultural products, add value, and develop new markets for agricultural commodities and food production in Manitoba. Fourteen projects were approved for a total of $95,000 for business and product development, as well as market investigation.

Infrastructure program
A new infrastructure focus was undertaken to enable Manitoba to review infrastructure development as an enabling tool for business and rural development. The Strategic Highway System policy was analyzed from a rural development perspective and assistance was provided to local municipal governments regarding the planning, managing, and upgrading of local agri-food infrastructure.

Provincial Nominee Program for Business Immigrants
In support of this program, assistance was provided to six nominees, 15 requests for information and three applicant interviews in addition to participating in seven selection committee meetings.

GO Team support
Through a combination of seminars, workshops and mentoring, ERD has completed approximately 150 "person days" of training during 2006/2007 for Business Development Specialists on topics such as Introduction to Cooperatives, Advanced Cooperatives, Succession Planning and Farm Plan.

Retain Rural Business:

Succeeding Generations
The Succeeding Generations Initiative targets the entry of young people into farming. A revised mentoring program was developed and started with two immigrant clients. Funding assistance was provided to support 18 events held across Manitoba and 83 new clients participated in the Management Training Credit under which management training is accessed by young farmers. A young Farmers Newsletter, which features innovative young producers and addresses issues facing young farmers, was mailed to 1050 young Manitoba farmers and is available on the MAFRI website. Farm Succession Week was delivered to 265 participants in four locations.

Canadian Agricultural Skills Service (CASS)
The CASS program provided training support for farm families interested in developing skills to prepare them for on and off farm employment opportunities. Through the program, over $5 million were invested in training and 1469 applications were received.

4-H Program
In the 2006/2007 year, 4211 4-H members completed a 4-H project and were led by 1772 volunteer leaders. The projects encourage youth to develop skills in livestock and agriculture (38%), home economics (17%), and general life skills (45%) in preparation for careers and businesses in a variety of areas. To supplement project work, events such as the Provincial Dairy Show, Provincial Horse Show, and participation at Agribition further contributed to the youths' understanding of the livestock industry. The 4-H Beef projects and the Young Horse Development project materials were revised.

Farm Management
Thirty-five Cost of Production fact sheets are updated regularly and Farm plan, a financial and production planning software program, is made available on the internet. Support was also provided to the Young

Farmers Committee of Keystone Agricultural Producers (KAP) to undertake four development projects to improve their leadership and management skills.

Rural Labour
A review of the application of employment standards to agriculture workers was completed and support was provided to six meetings with industry sector groups.

Manitoba Farm and Rural Stress Line
Staff supported the delivery of the Farm and Rural Stress line for rural families. A total of 2115 individuals received service in 2006.

Increase the number of cooperatives:

Increase the capacity for cooperative development
Staff supported the development of community and GO team professionals to assist cooperative projects. A Bio fuel and Value Added Cooperative conference reached 40 community professionals. Training in the basics of cooperatives was delivered to 50 GO team staff and more advanced training was provided to 11 GO team staff. GO team staff provided assistance to over 50 projects. Nineteen new cooperatives were incorporated in 2006/2007.

Collaboration Cooperative Development Services
Staff provided support to this pilot cooperative which provides services to inner city aboriginal cooperatives. Assistance was provided to the cooperative in governance, by law development, delegate meetings and annual general meeting. This cooperative currently provides management support to cooperatives who need assistance to manage their business functions.

Child Care Cooperatives
A bylaw framework was provided to a child care office for an inner city community economic development cooperative with child care and training components.

Cooperative Promotion Board
Staff provided support to the board in their role to promote cooperatives in Manitoba. The board provided financial assistance to the two Cooperative Youth Camps, the annual Cooperative awards, a study on New Generation Cooperatives, and projects involving start-up costs for new cooperatives.

Cooperative Loans and Loans Guarantee Board
Staff provided support to the Cooperative Loans and Loans Guarantee board which provides loan guarantees to cooperatives to improve their access to financial services necessary for their development. Two guarantees were outstanding at March 31, 2006 and an additional loan guarantee was initiated in 2006/2007.

Build human and social capacity to lead community change

Leadership development and organizational management
Staff provided support to several boards operating at a provincial level including the Manitoba 4-H Council, the Manitoba Women's Institute board and the Manitoba Association of Agricultural Societies. A board governance workshop was held with these organizations. In 2006/2007, the Manitoba 4-H Council successfully transitioned to a new council structure.

Sixteen provincial 4-H events and area Councils were also supported. Over 90 4-H members participated in the communications event, the provincial 4-H Leaders event attracted over 100 leaders, and 88 delegates participated in the National Skills and Thrills conference. These events provide experiential learning opportunities for youth and adults in developing organizational and leadership skills that are then applied to other community events and organizations.

The Manitoba Association of Agricultural Societies adopted a new vision and mission statement and assumed increased responsibility and activity to support the Agricultural Societies across rural Manitoba.

Agricultural Societies receive funding to support fairs, exhibitions, educational events as well as infrastructure. In 2006/2007, 62 fairs/exhibitions and five special education events were held. $77,650 was provided for infrastructure projects and $262,000 was funded for education and special education activities.

The Women's Institute Board held a successful provincial learning day and annual conference. Leadership development support was also provided to the Manitoba Farm Women's Conference committee which attracted over 150 farm women to the provincial conference.

Increase innovation and research in community economic development

Manitoba Rural Initiatives Scholarship
An endowment fund in the amount of $250,000 was established in 2006/2007 to support Rural Development Scholarships at Brandon University. The scholarships will be directed toward rural Manitoba students and will support rural studies in Manitoba.

Rural Development Institute
Rural Development Institute (RDI) was supported with a $100,000 annual grant. MAFRI participates on the RDI Advisory committee and on the Agreement Management Committee. Through RDI, seven projects were completed, including a community feasibility study, a risk management and emergency planning project, support to municipal planning and by-law support, and a community assessment. The Community Collaboration Model project, a regional planning model, is being piloted with funding through Rural Secretariat. Four of the six regional round table sites are in rural Manitoba. The Bayline and the Southwest Regional Round tables are two of the sites. The 2006 International Comparative Rural Policy Studies Program was held in Manitoba with 26 students attending. RDI also facilitated community processes and educational events in cooperation with MAFRI staff.

Rural Team Manitoba
Rural Team brings together federal, provincial and community serving organizations interested in rural issues to enhance and enable better collaboration in service delivery in rural Manitoba. MAFRI co-chairs Rural Team Manitoba with over 20 departments/organizations involved. Through these efforts, a study on the needs of Rural and Northern Women was completed and 3 follow up workshops were held in 2006/2007 in The Pas, Thompson and Dauphin to develop action plans. An Aboriginal day was held in Winnipeg highlighting business success stories. A strategic planning event in 2006/2007 resulted in four areas of focus for 2007/2008 year include community collaboration, Aboriginal, women, and youth.

Lead MAFRI in engaging Aboriginal citizens in farming and rural economic development:

Northern Healthy Foods Initiative
Through this initiative MAFRI has provided gardening and food preservation skills to the north which resulted in over 45 new gardens becoming established and 10 food preservation workshops being delivered. Suitable use practices for northern greenhouse and hothouse possibilities have been developed and are being extended to the north.

4-H Aboriginal Project
Summer camp utilizing 4-H materials was run in Black River First Nation. Brokenhead First Nation held 4-H workshops and Brochet and Waywayseecappo received 4-H materials. 4-H was promoted at the Indian Agriculture Council of Manitoba conference where youth programming was identified as a genuine need. Materials developed include posters, fact sheets and displays as well as new project materials.

Indian Agriculture Council of Manitoba
Planning and financial support was provided to the Indian Agriculture Council of Manitoba conference held in Portage in February. MASC and GO team services and programs were promoted at the conference. Three First Nation MASC loans have been granted so far.

Bison Marketing Station
Establishment of a Bison Marketing Station at Ebb and Flow First Nation is in development in partnership with four other First Nation communities, MAFRI and MB Bison Association. This will begin the process of adding value to the bison being produced through supply and quality consistency.

Closing the Gap
MAFRI participate on the Interdepartmental steering committee and the Infrastructure and Housing and the Economic Development sub committees. Action plans have been developed by each of the subcommittees and work is ongoing.

4 (b) Economy and Rural Development

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl No.
(1) Salaries and Employee Benefits	1,694.0	28.89	1,885.1	(191.1)	
(2) Other Expenditures	3,384.7		2,389.3	995.4	1
(3) Agricultural Societies Grant Assistance					
-Grants/Transfer Payments	342.2		368.4	(26.2)	
(4) Other Grant Assistance					
-Grants/Transfer Payments	43.5		43.6	(0.1)	
(5) Grant Assistance - Regional Development Corporations					
-Grants/Transfer Payments	545.0		545.0		
Total Sub-Appropriation	**6,009.4**	**28.89**	**5,231.4**	**778.0**	

1. The over expenditure is due to funding of the one-time assistance in 2006/07 for the establishment of an assistance program regarding concerns of flooding of agricultural lands along the Assiniboine River in 2005 and 2006.

Appropriation 4 (c) – Food Development Centre

The Food Development Centre (FDC) provides leadership in the creation, expansion, and diversification of the agri-food industry through expertise in food processing. FDC is committed to the mandate of Manitoba Agriculture, Food and Rural Initiatives (MAFRI) to advance greater prosperity and stability of our farm families, entrepreneurs, agriculture and food partners and rural communities.

During 2006/2007, FDC continued to focus on building its role as a leader in the creation, expansion and diversification of Manitoba's agri-food industry. FDC began a review of its business model with the objective of ensuring that the educational and technological capacities remain fluid and dynamic in a manner that is supportive of changes and growth in the local, provincial, national, and international economic markets.

In conjunction with its strategic partners, FDC facilitated the development of 48 new products, 16 new products to market, and 206 nutritional labelling analyses of products.

FDC is a Special Operating Agency and the 2006/2007 activities, financial data and performance measurements are detailed in FDC's Annual Report.

FDC fully supports and participates in MAFRI's Sustainable Development initiative under the *Sustainable Development Act*. FDC's accomplishments and activities are included in the Manitoba Agriculture, Food and Rural Initiatives' Sustainable Development Procurement Plan and Procurement Report that are submitted by the Department to Procurement Council each fiscal year. FDC also participates in the Agricultural Policy Framework (APF).

4 (c) Food Development Centre

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	2,382.8		2,113.8	269.0	
Total Sub-Appropriation	2,382.8		2,113.8	269.0	

Appropriation 4 (d) – Food Commercialization and Marketing

The Food Commercialization and Marketing Knowledge Centre provides services to MAFRI staff, producers, food processors and organizations in order to strengthen the competitive position of Manitoba's agriculture and agri-food industry in the global marketplace. In support of this objective, the Knowledge Centre provides marketing and business management services and information, facilitated industry promotion through collaboration and alliances, and partnered in building a diversified rural Manitoba. Delivery of programs and services was supported with media promotion, reference materials, publications, and other resources.

Knowledge Centre activities and resource development in support of value-added/diversification included:

Market Alliances and Industry Development
The Knowledge Centre provided advice to producers, processors, and entrepreneurs exploring opportunities to add value and increase sales of agriculture and agri-food products. In addition, the Center provided assistance in developing marketing strategies, establishing integrated alliances and industry-driven market development and investment activities. The Centre worked with GO teams in identifying new market opportunities and provided mechanisms for dissemination of information to Small and Medium-sized Enterprises (SMEs).

The Centre also participated in the Moving Ahead Initiative to build a stronger link between Manitoba Food Processors Association (MFPA) and the department. Areas of interest include: food safety and HACCP support to SME businesses, R&D funding for new value-added products, stronger liaison between the Food Development Centre (FDC) and MFPA, and promoting Manitoba food products. Staff presented a training session to MAFRI staff on Pathways to Market: Commercialization Roadmap for Functional Foods, Natural Health Products and Related End Products. Staff coordinated training programs with industry partners in Value Chains creating industry & producer awareness of the Value Chain business model. Staff also actively worked on specific industry development conferences, including:

- Direct Farm Marketing Conference
- Ag Days
- Rural Forum

Research and Development Agency Coordination
Staff worked with organizations such as Canadian Centre for Agri-Food Research in Health and Medicine (CCARHM), Richardson Centre for Functional Foods and Nutraceuticals (RCFFN), and industry in nutraceuticals, ingredients, functional foods and natural health products. Linkages were created with the University of Manitoba (Faculty of Agricultural & Food Sciences, Faculty of Human Ecology, and the Technology Transfer Office) to co-ordinate activities relating to commercialization of new food and functional foods. Staff worked with FDC and MFPA in providing leadership, advice on food safety and HACCP issues.

Staff worked with commodity organizations and producer groups to facilitate integrated industry alliances, providing information towards developing sector strategies and identifying barriers to commercialization. Staff also worked with producer groups in creation of Value Chain strategic plans to provide a framework for creation of value chains in Manitoba.

Market Development and Promotion
The Food Commercialization and Marketing Knowledge Centre worked with Competitive Training and Trade staff and industry in strengthening existing markets and developing new markets for provincially grown and processed agricultural and agri-food products. Staff provided information and consultation on market development to producers, processors, marketing boards, commodity associations, staff and industry partners. Staff supported 12 incoming trade missions from eight countries/regions focused on buckwheat, pork/meat, bio-diesel, and special crops.

Performance Indicators

With a focus on value-added product marketing and business investment, staff assisted with the participation of Manitoba companies in trade shows such as: Salon International de L'alimentation (SIAL), Border Busters Food & Wine Expo, Agri-food Investment Seminar in Japan, Health Ingredients Japan Food Show, Ag Days and Rural Forum.

Staff provided representation to Federal/Provincial Market Development Council initiatives providing inter-provincial and national cooperation in market development activity for Manitoba businesses. In cooperation with Manitoba Trade, staff contributed to the USA and European sector teams for the Canadian International Business Strategy providing input into the national program to reflect needs of Manitoba's agriculture and agri-food sector. Other major initiatives involving staff include the development of a Brand Canada campaign for international markets, industry-driven Value Chain Round Tables and export border assistance entering the United States and Mexican market.

Staff supported the Memorandum of Understanding on Canada-Manitoba Co-operation in International Business Activity, which facilitates a co-operative government and industry approach to trade development in Manitoba. MAFRI staff demonstrated its commitment to this collaboration through enhanced communication, coordination of calendars, events, and use of resources.

Staff worked with the Manitoba Food Processors Association (MFPA) and the Promotions Committee of Manitoba commodity boards in promotion of Manitoba food products. Staff provided linkages to Manitoba chefs and the restaurant association.

Staff updated materials for the Manitoba Food Products Directory and produced a print and web-based exporter directory as well as the Investment in Manitoba Brochure, the Vegetable U-Pick Guide and the Swine Team Task Team CD. Staff supported the development of the Buy Manitoba program that included a web page that indicated where Manitoba produced products were available for sale around the province.

4 (d) Food Commercialization and Marketing

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Salaries and Employee Benefits	454.1	10.50	704.3	(250.2)	1
(2) Other Expenditures	468.5		559.7	(91.2)	
Total Sub-Appropriation	**922.6**	**10.50**	**1,264.0**	**(341.4)**	

1. The under expenditure is mainly due to expenditure management to meet government's fiscal restraints and offset increased departmental program and operating costs.

Appropriation 4 (e) – Infrastructure Development Grants

This program facilitates infrastructure projects which enhance sustainable economic development in various communities in Manitoba.

Infrastructure Development Grants activities also include:

- Providing communities with technical and financial assistance to foster new and expanding sustainable economic diversification projects.
- Enhancing opportunities for local value added economic development.

In 2006/2007, the infrastructure projects facilitated include:

- Construction of the Glenlea Farm Education Centre at the National Centre for Livestock and the Environment;
- Development of the Richardson Centre for Functional Foods and Nutraceuticals Bio-processing facility;
- Construction of the Eastman Education Centre Inc.;
- Community Places grants.

4 (e) Infrastructure Development Grants

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Grants/Transfer Payments	2,599.7		3,150.0	(550.3)	1
Total Sub-Appropriation	2,599.7		3,150.0	(550.3)	

1. The under expenditure is mainly the result of a delay in the federal/provincial Specified Risk Material (SRM) project.

Appropriation 4 (f) – Less: Recoverable from Rural Economic Development Initiatives

The objective of this program is to facilitate the funding necessary to enhance sustainable community and economic development in rural and northern Manitoba.

This program provides for the recovery of expenditures related to:

- Economic Development Initiatives and Economy and Rural Development.
- Grants to the Regional Development Corporations, Feasibility Studies and Capital Infrastructure, from the Rural Economic Development Initiatives Program.

4 (f) Less: Recoverable from Rural Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Recoverable from Rural Economic Development Initiatives	(3,749.1)		(4,236.8)	487.7	1
Total Sub-Appropriation	**(3,749.1)**		**(4,236.8)**	**487.7**	

1. The reduced recovery from Rural Economic Development Initiatives is due to less expenditures for Infrastructure Development Grants.

Appropriation 4 (g) – Rural Economic Development Initiatives (REDI)

REDI provides funding to enhance business and cooperative development, create opportunities for youth, support industry and help rural communities and organizations address local priorities and needs, thereby improving the quality of life of Manitobans.

REDI programs include:

Feasibility Studies Program

This program assisted rural businesses, co-ops, community development corporations, and municipalities to access research and planning for potentially new or expanding projects that contribute to community prosperity, including the creation of jobs. The program provided up to 50% cost-shared funding for:

- The hiring of a consultant for financial, marketing or engineering analysis;
- Development of a business plan;
- International Organization for Standardization (ISO)/Hazard Analysis Critical Control Point (HACCP) certification.

In 2006/2007, approximately 20 feasibility studies were approved providing cost sharing of $151.7.

Rural Entrepreneur Assistance Program (REA)

In 2006/07 this program provided loan guarantees of up to $100,000 to full-time, small and home-based operations in rural Manitoba for business start-ups or expansions through participating financial institutions. Most financial institutions in Manitoba participated in the program. The program is administered by the Manitoba Agricultural Services Corporation. The loan limit was raised to $200,000 effective April 1, 2007.

Community Works Loan Program

This program provided cost-shared funding to participating Community Development Corporations (CDC) allowing them to establish revolving capital pools that support new or expanding small businesses with loans of up to $10,000.00. These micro loans fill a gap by supporting businesses that would not normally have access to assistance through traditional lending institutions.

Hometown Program

This program provided financial support for rural and northern area projects initiated by local communities, organizations, cooperatives, and businesses that enhance main street, public places and building exteriors. The program promoted the unique identities and themes that define communities.

In 2006/2007, 168 applications were approved for $313.1 in financial support for projects throughout rural and northern Manitoba.

The Community Enterprise Development Tax Credit (CEDTC)

The program provided an opportunity for Manitobans to invest in their own community while offering community enterprises access to capital for start-up costs or expansions.

There were two successful sales to March 31, 2007.

Green Team Program

The program was administered by Education and Youth and provided summer employment opportunities to rural youth 16 to 24 years of age. There are two parts to the program: one offering employment in provincial parks and the second, the Hometown component, enabling communities, municipalities, tourism operators, and Conservation Districts to hire youth for summer projects.

In 2006/2007, REDI contributed $1,781.0 to this program.

Partners with Youth Program

The program was administered by Education and Youth to help improve the employability of young people facing multiple barriers to employment or who are on social assistance. Eligible participants, 18 to 29 years of age, received job search assistance, training, and other work experience for up to eight weeks through participating sponsors. The Young Entrepreneur Program component offered grants of up to $4,000 to youth 18 to 29 years of age to establish their own new full-time, year-round business.

In 2006/2007, REDI contributed $398.2 to this program.

Strategic Initiatives

This component funded strategic projects which were significant in terms of:

- Building a foundation for sustainable economic development;
- Diversification of the rural economy;
- Enhancement of programs and services.

The program supports initiatives that bring large scale benefits to communities and regions.

Grow Bonds Program

Grow Bonds allowed Manitobans to invest directly in local enterprises under provisions of *The Community Development Bonds Act*, whereby communities managed bond offerings, while the Province guaranteed the bond principal. This program is no longer being offered and has been replaced with the Community Enterprise Development Tax Credit Program. Six Grow Bonds are still being administered for a total of $5.1 million.

Other Programs

- REDI provided funding for sewer and water projects (Manitoba Water Services Board) and Conservation Districts administered by Manitoba Water Stewardship;
- Manitoba Conservation administered REDI funds to mitigate spruce budworm and Dutch Elm disease, as well as to provide beach safety services;
- Manitoba Justice administered REDI funds to enhance rural policing;
- Manitoba Intergovernmental Affairs administered REDI funds to assist communities provide transportation services for mobility disadvantaged persons and funds to revitalize neighborhoods.

Performance Indicators

- The Hometown Manitoba program in 2006/2007 approved 168 applications representing $313.1 in financial support. Program funding leveraged an additional $2,372.4, resulting in a capital investment in rural and northern communities to enhance main street areas and building exteriors of over $2.6 million. The number of approved applications in 2005/2006 was 186 and $333.8 in financial support leveraging an additional $1,795.3 resulting in a total investment of over $2.1 million.

- The Feasibility Studies program in 2006/2007 approved 20 projects providing cost sharing of $151.7 for total project costs of $438.9 for hiring of an independent consultant for a financial, marketing or engineering analysis of a business plan or International Organization for Standardization (ISO)/Hazard Analysis Critical Control Point (HACCP) certification. The number of approved applications in 2005/2006 was 20 providing cost sharing of $210.9 for total project costs of $547.6.

- The CED Tax Credit Program in 2006/2007 approved two capital offerings for a total of $1,000.0 to finance the construction of bio diesel plants in the Arborg area and Shoal Lake. These two approvals resulted in tax benefits of $300.0 and created 10 jobs in the respective communities. In 2005/2006, three capital offerings were approved for a total of $1,035.0 to finance costs in connection with the purchase of the Country Junction Restaurant in Clearwater, a manufacturing/distribution plant in Niverville, and costs associated with the expansion of Intermountain Forages Hay Processing Ltd. in Dauphin. These three approvals resulted in tax benefits of $310.5 and created 27 jobs in the respective communities. Note that the Niverville manufacturing/distribution plant project approved in 2005/2006 never proceeded.

- The Rural Entrepreneur Assistance Program approved 37 loan guarantees in 2006/2007 consisting of 18 expansions, 17 business start-ups and 2 change of ownership (northern communities). The total amount of the loan guarantees was $2,394.5.

4 (g) Rural Economic Development Initiatives

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
(1) Programs - Operating	12,074.4		15,348.5	(3,274.1)	1
(2) Programs - Capital Grants	5,487.4		5,956.5	(469.1)	
Total Sub-Appropriation	**17,561.8**		**21,305.0**	**(3,743.2)**	

1. The under expenditure is mainly due to expenditure management reductions and less expenditures under the Livestock Industry Development Assistance program, Infrastructure Development grants, Rural Police costs and Hometown Manitoba capital expenditures.

Appropriation 5
Costs Related to Capital Assets

The main objective of Amortization and Other Costs related to Capital Assets is to provide for amortization and interest on capital expenditures.

Appropriations 5 (a) and 5 (b) – Desktop Services and Amortization Expense

Standard accounting practices in accordance with the Canadian Institute of Chartered Accountants require expenditures on tangible capital assets be amortized over the useful life of the asset. The cost of the capital assets are recorded in Capital Investment (Part B) and amortization on a straight line basis over the periods of service provided by the assets is included as an operating expense (Part A). A half-year's worth of amortization is recorded on assets acquired or disposed of during the year. Tangible capital assets acquired during the year, with a value less than the accepted capitalization limit, were expensed in their respective operating areas.

The department's tangible capital assets include machinery and equipment, as well as the department's share of the costs related to the Desktop Management and Better Methods Initiatives. These assets are amortized over the following period:

Machinery and Equipment	10 Years
Desktop Management Initiative	Various periods ranging between 4 to 10 years
Better Methods Initiative	15 Years

5 (a) Desktop Services

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Other Expenditures					
(1) Amortization Expense - Transition	80.2		80.3	(0.1)	
(2) Enterprise Software Licenses	130.8		131.3	(0.5)	
Total Sub-Appropriation	**211.0**		**211.6**	**(0.6)**	

5 (b) Amortization Expense

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Other Expenditures	289.8		289.8	-	
Total Sub-Appropriation	**289.8**		**289.8**	**-**	

Appropriation 5 (c) - Interest Expense

Interest costs on borrowings related to investments in tangible capital assets are charged to the department based on the average net book value for the year. A half-year's worth of interest is recorded on assets acquired or disposed off during the year.

The capital asset purchases are recorded in Part B – Capital Investment. For more information on tangible capital assets see Votes 5A and 5B.

5 (c) Interest Expense

Expenditures by Sub-Appropriation	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	Estimate 2006/2007 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Other Expenditures	48.1		48.0	0.1	
Total Sub-Appropriation	48.1		48.0	0.1	

SECTION ONE

PART B

CAPITAL INVESTMENTS

INFORMATION

Part B – Capital Investment

Capital investment provides for the acquisition of equipment. For more information on Tangible Capital Assets and their amortization see Vote 8.

Part B - Capital Investment

	Actual 2006/2007 $(000s)	Estimate 2006/2007 FTEs	$(000s)	Variance Over/(Under) $(000s)	Expl. No.
Capital Investment	460.7	-	629.8	(169.1)	1
TOTAL	**460.7**	-	**629.8**	**(169.1)**	

1. The under expenditure is primarily due to some of the capital equipment that was intended to be purchased in 2006/07 not being purchased prior to the end of the fiscal year due to delays in the veterinary laboratory renovations.

SECTION TWO

EXPENDITURE AND REVENUE

SUMMARY TABLES

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

Actual 2006/2007 $(000's)	Actual 2005/2006 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Appropriation	Actual 2006/2007 $(000's)	Estimate 2006/2007 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				03-1 POLICY AND MANAGEMENT				
30.3	29.7	0.6		(a) Minister's Salary	30.3	30.4	(0.1)	
				(b) Executive Support				
527.1	505.2	21.9		(1) Salaries and Employee Benefits	527.1	527.7	(0.6)	
92.4	76.0	16.4		(2) Other Expenditures	92.4	66.0	26.4	
65.3	53.9	11.4		(3) Policy Studies	65.3	71.2	(5.9)	
				(c) Strategic Planning Directorate				
393.9	514.4	(120.5)	1	(1) Salaries and Employee Benefits	393.9	500.1	(106.2)	
137.8	98.1	39.7	2	(2) Other Expenditures	137.8	180.8	(43.0)	
				(d) Policy Analysis				
1,312.9	1,131.8	181.1	1	(1) Salaries and Employee Benefits	1,312.9	1,332.1	(19.2)	
387.1	348.0	39.1		(2) Other Expenditures	387.1	384.9	2.2	
				(e) Knowledge Management				
1,363.9	1,385.3	(21.4)		(1) Salaries and Employee Benefits	1,363.9	1,490.4	(126.5)	
234.2	220.9	13.3		(2) Other Expenditures	234.2	233.1	1.1	
				(f) Boards, Commissions and Legislation				
373.6	343.2	30.4		(1) Salaries and Employee Benefits	373.6	439.6	(66.0)	
498.2	384.0	114.2		(2) Other Expenditures	498.2	662.6	(164.4)	
35.7	29.1	6.6		(3) Grant Assistance - Special Farm Assistance	35.7	100.0	(64.3)	
				(g) Financial and Administrative Services				
630.3	692.5	(62.2)		(1) Salaries and Employee Benefits	630.3	814.5	(184.2)	
196.3	247.1	(50.8)		(2) Other Expenditures	196.3	348.3	(152.0)	
				(h) Human Resource Management Services				
346.0	372.1	(26.1)		(1) Salaries and Employee Benefits	346.0	334.9	11.1	
42.3	47.3	(5.0)		(2) Other Expenditures	42.3	50.0	(7.7)	
6,667.3	6,478.6	188.7		Subtotal 03-1	6,667.3	7,566.6	(899.3)	

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

				03-2 RISK MANAGEMENT, CREDIT AND INCOME SUPPORT PROGRAMS			
				(a) Manitoba Agricultural Services Corporation			
8,772.1	9,255.7	(483.6)		(1) Administration	8,772.1	10,094.5	(1,322.4)
28,268.3	19,778.1	8,490.2	3	(2) Insurance Premiums	28,268.3	27,065.0	1,203.3
714.7	867.1	(152.4)	4	(3) Wildlife Damage Compensation	714.7	732.4	(17.7)
				(4) Net Interest Costs, Loan Provisions and			
1,053.7	1,404.4	(350.7)	5	Program Incentives	1,053.7	1,571.0	(517.3)
74,279.7	143,075.0	(68,795.3)	6	(b) Canadian Agricultural Income Stabilization Program	74,279.7	48,905.7	25,374.0
647.3	159.2	488.1	7	(c) Livestock Industry Development Assistance	647.3	1,000.0	(352.7)
26,234.5	20,905.7	5,328.8	8	(d) Farmland School Tax Rebate	26,234.5	24,600.0	1,634.5
				(e) Less: Recoverable from Rural Economic Development			
(1,088.6)	(743.6)	(345.0)	9	Initiatives	(1,088.6)	(1,542.6)	454.0
138,881.7	194,701.6	(55,819.9)		Subtotal 03-2	138,881.7	112,426.0	26,455.7

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

				03-3 AGRI-INDUSTRY DEVELOPMENT AND INNOVATION			
				(a) Livestock Industry			
3,821.4	3,777.6	43.8		(1) Salaries and Employee Benefits	3,821.4	3,846.2	(24.8)
2,075.9	1,396.1	679.8	10	(2) Other Expenditures	2,075.9	1,537.0	538.9
494.6	519.3	(24.7)		(3) Grant Assistance - Operating	494.6	494.9	(0.3)
200.0	200.0	-		(4) Grant Assistance - Capital	200.0	200.0	-
				(b) Chief Veterinary Office/Food Safety			
1,216.5	1,024.3	192.2	1	(1) Salaries and Employee Benefits	1,216.5	1,295.6	(79.1)
445.5	309.4	136.1	11	(2) Other Expenditures	445.5	488.6	(43.1)
				(c) Crop Industry			
2,171.1	1,908.0	263.1	1	(1) Salaries and Employee Benefits	2,171.1	2,109.3	61.8
643.9	511.2	132.7		(2) Other Expenditures	643.9	713.1	(69.2)
				(d) Agri-Environment			
1,279.7	1,100.3	179.4	1	(1) Salaries and Employee Benefits	1,279.7	1,724.3	(444.6)
548.0	279.5	268.5	12	(2) Other Expenditures	548.0	680.1	(132.1)
				(e) Land Use Planning			
747.1	823.1	(76.0)		(1) Salaries and Employee Benefits	747.1	770.9	(23.8)
678.4	667.7	10.7		(2) Other Expenditures	678.4	745.1	(66.7)
				(f) Agri-Food Innovation and Adaptation			
983.5	706.9	276.6	1	(1) Salaries and Employee Benefits	983.5	1,252.9	(269.4)
219.2	350.0	(130.8)		(2) Other Expenditures	219.2	279.1	(59.9)
1,283.0	1,000.0	283.0	13	(g) Agri-Food Research and Development Initiative	1,283.0	1,000.0	283.0
868.3	868.3	-		(h) Grant to the University of Manitoba	868.3	868.3	-
332.5	332.5	-		(i) Grant to the Prairie Agricultural Machinery Institute	332.5	332.5	-
732.7	773.3	(40.6)		(j) Agricultural Sustainability Initiative	732.7	1,118.5	(385.8)
519.9	297.8	222.1	14	(k) Irrigation Development	519.9	922.5	(402.6)
19,261.2	16,845.3	2,415.9		Subtotal 03-3	19,261.2	20,378.9	(1,117.7)

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

				03-4 AGRI-FOOD AND RURAL DEVELOPMENT			
				(a) Growing Opportunities Centres			
9,335.5	8,788.0	547.5	1	(1) Salaries and Employee Benefits	9,335.5	9,501.3	(165.8)
3,296.4	3,255.4	41.0		(2) Other Expenditures	3,296.4	3,187.1	109.3
				(b) Economy and Rural Development			
1,694.0	1,710.0	(16.0)		(1) Salaries and Employee Benefits	1,694.0	1,885.1	(191.1)
3,384.7	852.8	2,531.9	15	(2) Other Expenditures	3,384.7	2,389.3	995.4
342.2	368.4	(26.2)		(3) Agricultural Societies Grant Assistance	342.2	368.4	(26.2)
43.5	43.6	(0.1)		(4) Other Grant Assistance	43.5	43.6	(0.1)
545.0	545.0	-		(5) Grant Assistance - Regional Development Corporations	545.0	545.0	-
2,382.8	3,279.9	(897.1)	16	(c) Food Development Centre	2,382.8	2,113.8	269.0
				(d) Food Commercialization and Marketing			
454.1	321.4	132.7		(1) Salaries and Employee Benefits	454.1	704.3	(250.2)
468.5	374.4	94.1		(2) Other Expenditures	468.5	559.7	(91.2)
2,599.7	1,495.0	1,104.7	17	(e) Infrastructure Development Grants	2,599.7	3,150.0	(550.3)
(3,749.1)	(2,433.5)	(1,315.6)	18	(f) Less: Recoverable from Rural Economic Development Initiatives	(3,749.1)	(4,236.8)	487.7
				(g) Rural Economic Development Initiatives			
12,074.4	12,427.8	(353.4)		(1) Programs - Operating	12,074.4	15,348.5	(3,274.1)
5,487.4	4,013.2	1,474.2	19	(2) Programs - Capital Grants	5,487.4	5,956.5	(469.1)
38,359.1	35,041.4	3,317.7		Subtotal 03-4	38,359.1	41,515.8	(3,156.7)

Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Part A - Program Expenditure Summary

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

			03-5 COSTS RELATED TO CAPITAL ASSETS			
			(a) Desktop Services			
80.2	80.2	-	(1) Amortization Expense - Transition	80.2	80.3	(0.1)
130.8	139.6	(8.8)	(2) Enterprise Software Licenses	130.8	131.3	(0.5)
289.8	266.9	22.9	(b) Amortization Expense	289.8	289.8	-
48.1	39.0	9.1	(c) Interest Expense	48.1	48.0	0.1
548.9	525.7	23.2	Subtotal 03-5	548.9	549.4	(0.5)
203,718.2	253,592.6	(49,874.4)	**TOTAL: DEPARTMENT OF AGRICULTURE, FOOD AND RURAL INITIATIVES**	203,718.2	182,436.7	21,281.5

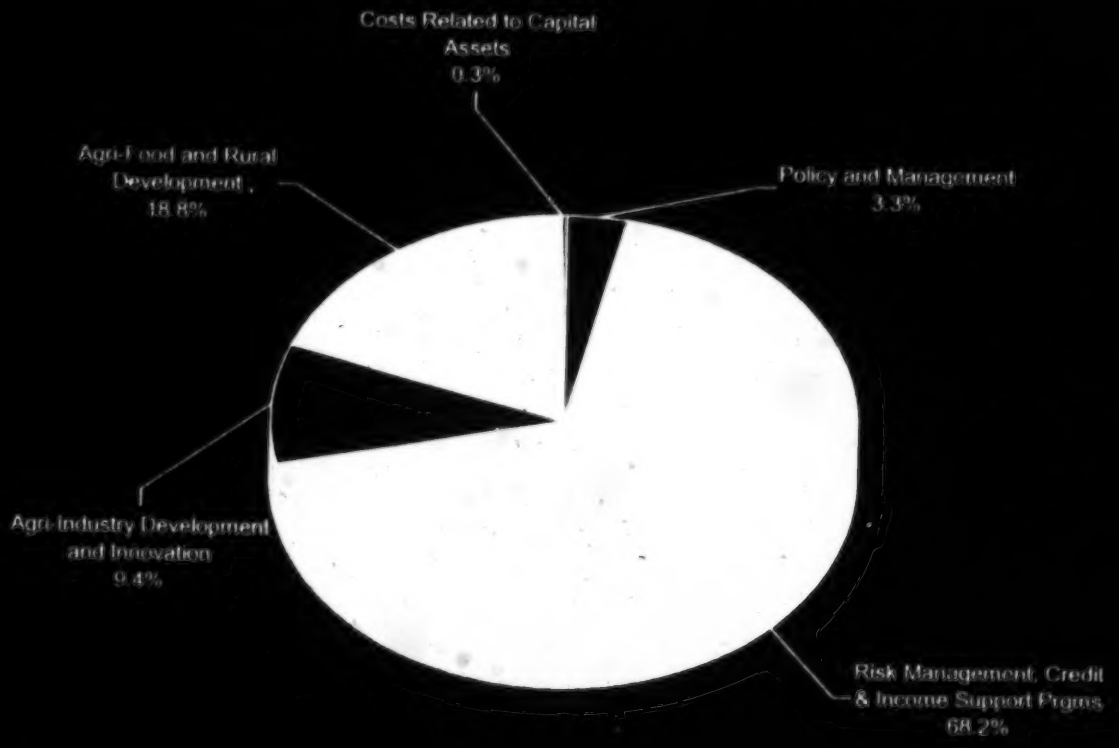
Explanation Number

1. *The net increase in Departmental salaries and employee benefits is mainly due to filling of vacancies, reclasses, general salary increase and an increase in severance payments partially offset by holding positions vacant to provide funding to meet the department's financial pressures.*
2. *The increase in Strategic Planning – Other Expenditures of $39.7 is mainly due to the result of increased accommodation charges.*
3. *The increase in Insurance Premiums of $8,490.2 is mainly due to higher premium rates, an increase in crop acres insured and producers selecting higher coverage levels.*
4. *The decrease in Wildlife Damage Compensation of ($152.4) is mainly due to lower big game and waterfowl claims caused by the earlier harvest.*
5. *The decrease in Net Interest Costs, Loan Provisions and Program Incentives of ($350.7) is mainly due to an increase in interest income from Bovine Spongiform Encephalopathy (BSE) loans planned transition into regular interest rate status.*
6. *The decrease in Canadian Agricultural Income Stabilization Program of ($68,795.3) is mainly due to better industry returns in 2006 than 2005. 2005 was an exceptionally poor year for Manitoba producers due to excess moisture, low yields, lower crop prices, high fuel prices, and poor crop quality.*
7. *The increase in Livestock Industry Development Assistance of $488.1 is mainly due to increased Rancher's Choice Beef Processing Co-op project costs.*
8. *The increase in Farmland School Tax Rebate of $5,328.8 is due to an increase in the rebate rate from 50% in 2005/06 to 60% in 2006/07 and a general increase in school taxes.*
9. *The increase in Less: Recoverable from Rural Economic Development Initiatives of ($345.0) is mainly due to increased recovery under the Livestock Industry Development Assistance program into Rural Economic Development Initiative (REDI) in 2006/07.*
10. *The increase in Livestock Industry – Other Expenditures of $679.8 is due to a) increased diagnostic testing at the Veterinary Diagnostic Services Laboratory resulting from growing concerns regarding infectious diseases and increased costs for test kits, b) purchases relating to the Avian Influenza - Emergency Preparedness Strategy, and c) costs related to developing a long term strategic plan for the Veterinary Diagnostic Services Laboratory.*

Explanation Number

11. *The increase in Food Safety – Other Expenditures of $136.1 is mainly the result of the need for enhanced surveillance for the early detection and management of infectious animal diseases through sampling for BSE, Chronic Wasting Disease (CWD) and influenza in wild birds.*
12. *The increase in Agri-Environment – Other Expenditures of $268.5 is mainly due to establishing new soil survey teams to provide support to the province's mapping services so as to achieve the objectives of the Planning Act and the Water Protection Act.*
13. *The increase in Agri-Food Research and Development Initiative of $283.0 is mainly due to entering new partnerships to enhance research and development projects.*
14. *The increase in Irrigation Development of $222.1 is mainly the result of the delays that occurred in 2005/06 in both planning and implementation of new irrigation projects in Manitoba due to persistent wet weather conditions.*
15. *The increase in Economy and Rural Development – Other Expenditures of $2,531.9 is mainly the result of the one-time assistance in 2006/07 for the establishment of an assistance program regarding concerns of flooding of agricultural lands along the Assiniboine River in 2005 and 2006.*
16. *The decrease in the Food Development Centre of ($897.1) is due to funding required in 2005/06 for building capital costs and start up issues surrounding the new facility.*
17. *The increase in Infrastructure Development Grants of $1,104.7 is mainly due to an increase in the number of projects that included a) Granny's Poultry, b)) Eastman Education Centre Inc., c) Glenlea Farm Education Centre at the National Centre for Livestock and Environment and d) the Richardson Centre for Functional Foods and Nutraceuticals bio-processing facility.*
18. *The increase in Less: Recoverable for Rural Economic Development Initiatives of ($1,315.6) is mainly the result of increased Infrastructure Development grants recovered into REDI in 2006/07.*
19. *The increase in Rural Economic Development Initiatives – Programs – Capital Grants of $1,474.2 is mainly due to increased Infrastructure Development grants recovered into REDI in 2006/07.*

Department of Agriculture, Food and Rural Initiatives
Distribution by Main Appropriation
2006/2007 Expenditures



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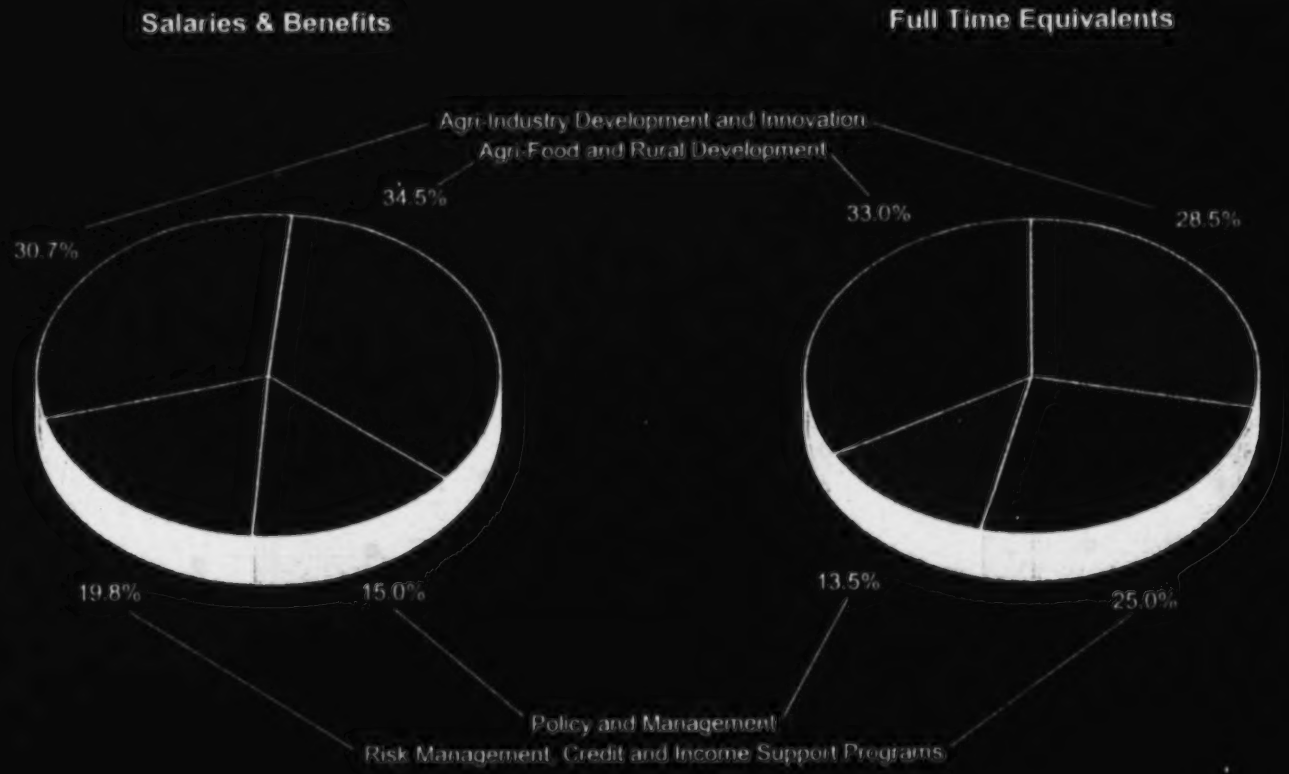
Department of Agriculture, Food and Rural Initiatives
Percentage Distribution of Salaries & Employee Benefits
And Full Time Equivalents - 2006/2007



Appendix A
Manitoba Agriculture, Food and Rural Initiatives
Revenue Summary By Source

for the fiscal year ended March 31, 2007 with comparative figures for the previous fiscal year

Actual 2006/2007 $(000's)	Actual 2005/2006 $(000's)	Increase/ (Decrease) $(000's)	Expl. No.	Source	Actual 2006/2007 $(000's)	Estimate 2006/2007 $(000's)	Variance Over/(Under) $(000's)	Expl. No.
				CURRENT OPERATING PROGRAMS:				
				Government of Canada:				
4.3	3.3	1.0	1	Rabies Indemnity	4.3	2.4	1.9	6
	99.1	(99.1)	2	Income Support Administration Recovery	-	70.0	(70.0)	7
	100.0	(100.0)	3	BSE Surveillance Program	-	-	-	
149.7		149.7	4	Soil Survey Program Recovery	149.7	550.0	(400.3)	8
154.0	202.4	(48.4)		Sub-Total	154.0	622.4	(468.4)	
				Other Revenue:				
3,015.7	2,942.6	73.1	5	(a) Fees	3,015.7	2,711.3	304.4	9
43.7	65.1	(21.4)		(b) Sundry	43.7	46.0	(2.3)	
3,059.4	3,007.7	51.7		Sub-Total	3,059.4	2,757.3	302.1	
3,213.4	3,210.1	3.3		Total Department Revenue	3,213.4	3,379.7	(166.3)	

Explanation Number

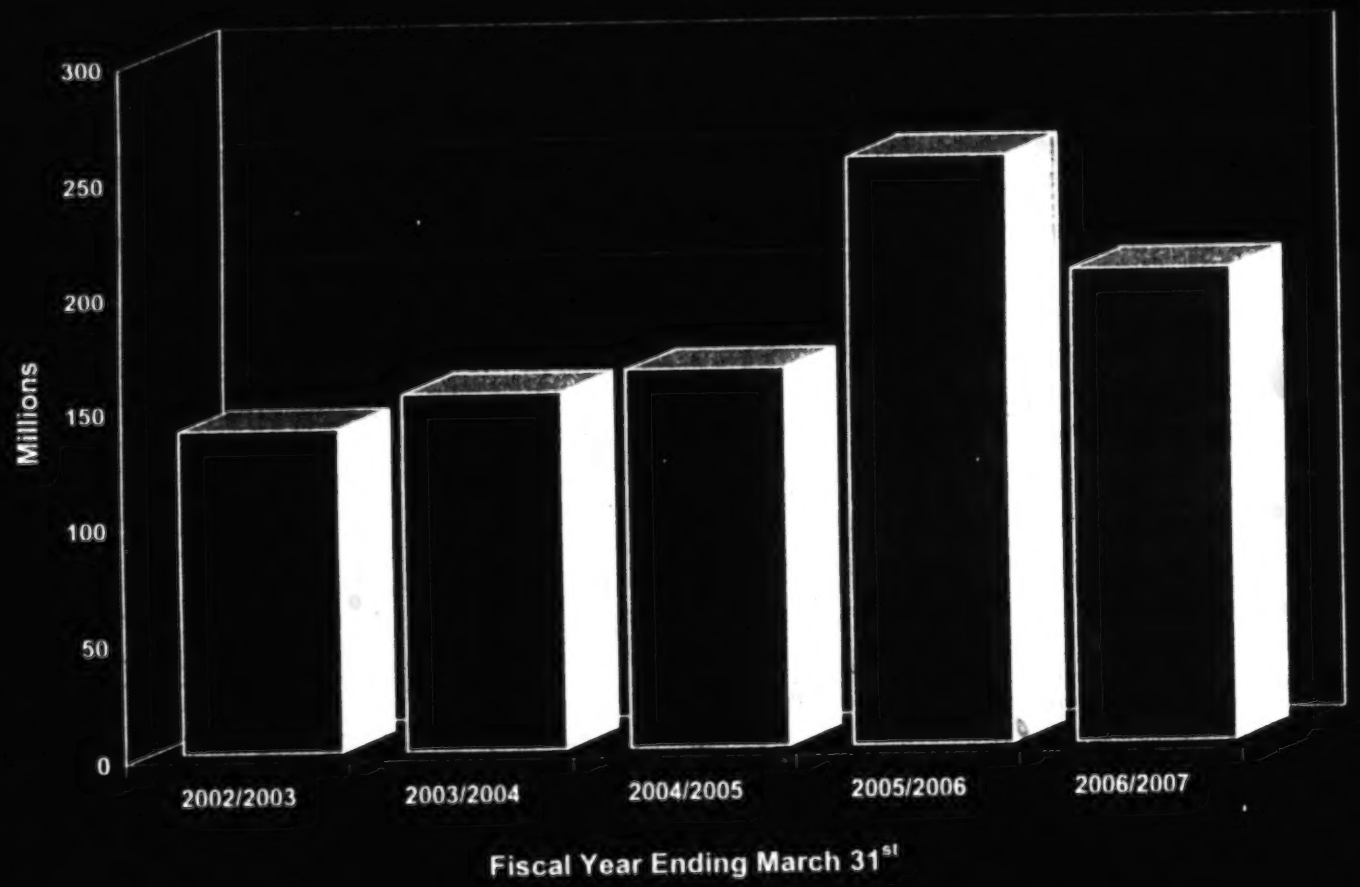
1. *The increase in Government of Canada – Rabies Indemnity of $1.0 is due to the increase in the incidence of rabies in 2006/07.*
2. *The decrease in Government of Canada – Income Support Administration Recovery of ($99.1) is the result of tabulating and recording the 2006/07 receivable in 2007/08.*
3. *The decrease in Government of Canada – BSE Surveillance Program of ($100.0) is due to the reimbursement from the Canadian Food Inspection Agency (CFIA) in 2005/06.*
4. *The increase in Government of Canada – Soil Survey Program Recovery of $149.7 is mainly due to the expected recovery from the Federal government for the expanded Soil Survey Program costs.*
5. *The increase in Other Revenue - Fees of $73.1 was mainly the result of the following:*
   a) $165.0 *increase in Veterinary Diagnostic fees revenue resulting from growing concerns regarding infectious diseases and an increase in testing at the Veterinary Services Diagnostic lab;*
   b) $(30.2) *a net decrease in Lease Rentals – Crown Lands is due to a reduction in the property rented due to the floodway redevelopment partially offset by a rate increase in forage leases/permits from $1.87 to $1.88 per AUM;*
   c) $(18.0) *decrease in Farm Machinery Dealers and Vendors Licenses due to dealer and vendor licenses covering a two year period and the vast majority of renewals occurring in 2005/06;*
   d) $(14.7) *decrease in Pesticide and Fertilizers Licenses due to a reduction in the number of applicator licenses requested.*
6. *The variance over authority in Government of Canada – Rabies Indemnity of $1.9 is due to a slight increase in the incidence of rabies.*
7. *The variance under authority in Government of Canada – Income Support Administration Recovery of ($70.0) is the result of tabulating and recording the 2006/07 receivable in 2007/08.*
8. *The variance under authority in Government of Canada – Soil Survey Program Recovery of ($400.3) is due to a delay in the signing of the Federal/Provincial Expanded Soil Survey agreement resulting in a delay in the implementation of the program.*
9. *The variance over authority in Other Revenue – Fees of $304.4 is primarily the result of the following:*
   a) $394.1 *increase in Veterinary Diagnostic fees revenue resulting from growing concerns regarding infectious diseases and an increase in testing at the Veterinary Services Diagnostic laboratory;*
   b) $(64.3) *net decrease in Lease Rentals – Crown Lands is due to a reduction in the property rented due to the floodway redevelopment partially offset by a rate increase in forage leases/permits from $1.87 to $1.88 per AUM.*

SECTION THREE

EXPENDITURE AND STAFFING

SUMMARY TABLES

Department of Agriculture, Food and Rural Initiatives
Five Year Expenditure History
For Years Ending March 31, 2003 to March 31, 2007



Appendix B
Department of Agriculture, Food and Rural Initiatives
Five Year Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ending March 31, 2003 to March 31, 2007

Actual / *Adjusted Expenditures

Main Appropriation		2002/2003 FTEs	2002/2003 $(000's)	2003/2004 FTEs	2003/2004 $(000's)	2004/2005 FTEs	2004/2005 $(000's)	2005/2006 FTEs	2005/2006 $(000's)	2006/2007 FTEs	2006/2007 $(000's)
03-1 Policy and Management	(1)(2)	36.39	2,643.7	35.39	2,636.1	71.58	6,257.5	81.00	6,478.6	81.00	6,667.3
03-2 Risk Management, Credit and Income Support Programs	(1)	101.00	76,659.7	101.00	89,386.6	158.00	103,260.2	150.00	194,701.6	150.00	138,881.7
03-3 Agri-Industry Development and Innovation	(1)	61.00	5,643.9	61.00	5,916.8	174.99	17,581.7	170.47	16,845.3	170.47	19,261.2
03-4 Agri-Food and Rural Development	(1)	157.73	14,814.4	157.73	15,820.7	210.61	34,867.4	197.71	35,041.4	197.71	38,359.1
03-5 Costs Related to Capital Assets	(1)	219.87	14,416.4	220.87	15,057.2	-	508.8	-	525.7	-	548.9
03-6 Rural & Northern Community Economic Development	(1)	30.00	18,055.7	30.00	18,253.7	-	-	-	-	-	-
03-7 Policy and Economics	(1)	26.19	2,506.5	26.19	2,565.8	-	-	-	-	-	-
03-8 Agriculture Research and Development	(1)	-	2,876.3	-	3,146.1	-	-	-	-	-	-
03-9 Costs Related to Capital Assets	(1)	-	756.6	-	486.1	-	-	-	-	-	-
Total Departmental Appropriations		632.18	138,373.2	632.18	153,269.1	615.18	162,475.6	599.18	253,592.6	599.18	203,718.2

* Adjusted figures reflect historical data on a comparable basis in those appropriations affected by a re-organization during the years under review.

Explanation Number:

1. The 2004/05 and 2005/06 actuals have been adjusted for the department's new organizational structure under the Growing Opportunities Initiative. The Department's programs and services were realigned to best meet local community and industry needs and to meet the Department's expanded mandate. The 2003/04 and 2002/03 actual expenditures were not adjusted.
2. The 2004/05 and 2005/06 actuals have been adjusted to reflect the transfer 1.00 FTE, salaries and benefits from the Department of Conservation to the Department of Agriculture, Food and Rural Initiatives.

Appendix C
Department of Agriculture, Food and Rural Initiatives
Reconciliation Statement

DETAILS	2006/2007 ESTIMATES $(000's)
2006/2007 MAIN ESTIMATES	181,095.3
MAIN ESTIMATES AUTHORITY TRANSFERRED FROM:	
- Internal Reform, Workforce Adjustment and General Salary Increases	1,341.4
MAIN ESTIMATES AUTHORITY TRANSFERRED TO:	-
2006/2007 ESTIMATE	**182,436.7**

Appendix D

Manitoba Agriculture, Food and Rural Initiatives
Statutory Responsibilities of the Minister of Agriculture, Food and Rural Initiatives

The Agricultural Producers' Organization Funding Act
The Agricultural Societies Act
The Department of Agriculture, Food and Rural Initiatives Act
The Agri-Food and Rural Development Council Act
The Agrologists Act
The Animal Care Act
The Animal Diseases Act
The Animal Liability Act
The Bee Act
The Cattle Producers Association Act
The Coarse Grain Marketing Control Act
The Co-operative Association Loans and Loans Guarantee Act
The Co-operative Promotion Trust Act
The Community Development Bonds Act
The Crown Lands Act [section 1, subsection 7.2(2), sections 7.4 to 7.6 and 35; section 4, clauses 5(1)(f), (k) and (l), subsections 5(4) and (5), section 6, clause 7(1)(d), subsections 7(2) to (6), sections 7.1, 7.3, 10, subsection 13.1(1), sections 14, 16 to 18, 21, 22, subsection 23(3), section 24, subsections 25(1) and (2), and sections 26 to 34 insofar as they relate to the administration of Crown lands designated by the Minister of Conservation as agricultural Crown lands, including setting fees and rents and issuing work permits but excluding other dispositions]
The Dairy Act
The Family Farm Protection Act
The Farm Income Assurance Plans Act
The Farm Lands Ownership Act
The Farm Machinery and Equipment Act
The Farm Practices Protection Act
The Farm Products Marketing Act
The Fruit and Vegetable Sales Act
The Horse Racing Commission Act
The Income Tax Act [sections 11.8 to 11.12]
The Land Rehabilitation Act
The Livestock and Livestock Products Act
The Livestock Industry Diversification Act
The Manitoba Agricultural Services Corporation Act
The Milk Prices Review Act
The Noxious Weeds Act
The Pesticides and Fertilizers Control Act
The Plant Pests and Diseases Act [except that portion of clause 16(c) that pertains to arborists and clause 16(i)]
The Property Tax and Insulation Assistance Act [Part III.1, and section and Part V as they relate to Part III.1]
The Seed and Fodder Relief Act
The Veterinary Medical Act
The Veterinary Science Scholarship Fund Act
The Veterinary Services Act
The Wildlife Act [that portion of clause 89(e) that applies to compensation for damage to crops caused by wildlife as it pertains to big game and migratory waterfowl]
The Women's Institutes Act

Appendix E
Manitoba Agriculture, Food and Rural Initiatives
Performance Indicators

The 2006-07 reporting year is the first year that a standardized Performance Measurement section appears in Departmental Annual Reports. This section is another step in our process to provide Manitobans with a more complete picture of the activities of government and their impacts on the province. That process was begun in 2005 with the release of the document, *Reporting to Manitobans on Performance, 2005 Discussion Document*, which can be found at www.gov.mb.ca/finance/mbperformance

Performance indicators in departmental Annual Reports are intended to provide Manitobans with meaningful and useful information about government's activities, complementary to financial results. Some measures incorporate data collected by the provincial government, while others show data that are collected by external agencies. A range of existing, new and proposed measures may be reported in subsequent years, as the process continues to evolve.

Your comments on performance measures are valuable to us. You can send comments or questions to mbperformance@gov.mb.ca or to www.gov.mb.ca/finance/mbperformance and click on banner tab "feedback".

What is being measured and how?	*Why is it important to measure this?*	*Where are we starting from (baseline measurement)?*	*What is the most recent available value for this indicator?*	*What is the trend over time for this indicator?*	*Comments/ recent actions/report links*
The level of diversification within the agricultural sector, by measuring the shift in receipts among industry segments	It is important to recognize shifts in receipts that diversify, rather than consolidate, our agricultural production Diversification can provide greater economic stability for the sector, farm communities, and overall provincial economy	Portion of cash receipt by industry segment, 1990 (highlights) Grains and oilseeds: 45% Hogs: 13% Cattle: 16% Other crops: 11%	Data is available for 2006 and information is updated annually Portion of cash receipt by industry segment, 2006 (highlights) Grains and oilseeds: 27.8% Hogs: 22.5% Cattle: 14% Other crops: 9.5%	Steady/increasing Long term trend shows increased diversification of the sector. Since 1990 there has been a noticeable shift in receipts to livestock production (especially hogs) and away from grains and oilseeds. Little change from 2005 data other than slight shifts in receipts within the sector due to regular market cycles	MAFRI continues to support diversification efforts as opportunities arise for the sector. A couple of examples of efforts includes: staff and feasibility study support to communities and stakeholders in the emerging biofuels area; 5 direct farm marketing seminars held in 2006. The Creating Opportunities Report also provided a process for rural/northern Manitobans to identify opportunities to add further value to Manitoba's assets including alternate energy and agri-tourism, among others.
Farm profitability, by measuring total net income for Manitoba farmers. (This figure combines market returns and direct program payments from government.)	Farm profitability is important to Manitoba because of the need to understand market returns being received by producers, and how direct program payments stabilize the sector during periods of market decline Policy and programming can then be adjusted or further developed to assist the sector in moving forward	Total Net Income for Manitoba farmers (value in '000s) 2000 - $478,000	Data available to 2006, with information updated annually Total Net Income for Manitoba farmers showed an increase to the previous year (value in '000s): In 2006: $384,200	Decreasing The farm sector continues to be impacted by the trend of increasing energy prices, which directly affects farm input costs and already narrow margins. In addition, increasing grain prices may benefit grain producers, but negatively impact livestock operations and their feed requirements Total Net Income for Manitoba farmers (value in '000s) 2000 - $478,000 2001 - $558,000 2002 - $695,000 2003 - $503,000 2004 - $260,400 2005 - $ 74,700 2006: $384,200	The Canadian Agricultural Income Stabilization (CAIS) program, which is a vehicle for Manitoba support to the industry, had a 2006/07 expenditure of $74.3 million. Additional training support of $3.2 million was provided for qualified Manitoba producers under the Canadian Agricultural Skills Service (CASS) program with 893 new applications received. The CASS program funds additional training for farm producers to provide new farm income and/or off-farm income opportunities.

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On-farm uptake of best management practices, by measuring the percentage of farm operators with Environmental Farm Plans completed	It is important to understand the likelihood of future uptake of best management practices because they are a major component of effective environmental stewardship for the sector	05/06 - 3400 people attended workshops 05/06 - 1317 Environmental Farm Plans completed	Provincial data for 06/07 continues to show rapid growth in environmental planning by Manitoba producers. 06/07 – 1750 people attended workshops 06/07 – 2815 Environmental Farm Plans completed Over 6.7 million acres have now been assessed by producers in the EFP process since program inception in 05/06. By comparison, Manitoba's farmland base is comprised of 18.7 million acres	Increasing New National Renewal Survey environment data will be available late fall 2007. It is anticipated to show continued improvement based on the provincial progress noted for 2006/2007	National Renewal Survey (NRS) data for 2004 as previously reported *Percent of Canadian farm Operators with written environmental farm plans - NRS 2004* *Manitoba* – 13% *Saskatchewan* – 8% *Alberta* – 17% *Ontario* – 46% *Canada Average* – 29%
The contribution of value-added agrifood exports to Manitoba's GDP, by measuring the value of "intermediate and consumer processed agrifood exports" Ideally, we want to see this figure increasing over time, and also increase as a proportion of the total agrifood exports	When there is an increase in the proportion of agrifood exports that are value-added, relatively less primary product is being exported and growth in economic value is being provided to the sector or province In addition, empowering producers to become part of a value-added effort should also strengthen farm profitability for those individuals and communities	Value of "intermediate and consumer processed agrifood exports" in 2000 $ 1.176 billion (MB) $ 17.042 billion (CDN)	Data is available annually from Statistics Canada Value of "intermediate and consumer processed agrifood exports" in 2006 $ 1.753 billion (MB) $ 20.607 billion(CDN)	Increasing Since 2000 there has been an average annual growth rate of 3.91% in value-added agrifood exports from Manitoba, compared to Canada as a whole, which had an annual average growth rate of 2.99%	Agriculture, Food and Rural Initiatives continued to build a stronger focus on expanding agri-food production. This has included significant investments in Food Development Centre's equipment and capabilities as well as the creation of the Food Commercialization and Marketing Knowledge Centre. In addition, MAFRI continues to invest in the development of Manitoba's Nutraceuticals and Functional Foods capabilities.

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Manitoba's progress towards building or maintaining vibrant rural communities by measuring rural small town employment and labour force.	Vibrant rural communities are important to Manitobans, and the ability to find off-farm employment in rural areas or smaller towns is one of the determinants of whether those communities can maintain their population base.	Statistics Canada Labour Force Survey – Rural Manitoba • Labour Force (000) 2001 - 229.8 • Unemployment Rate 2001 - 4.6%	Statistics Canada Labour Force Survey – Rural Manitoba • Labour Force (000) 2006 - 244.7 • Unemployment Rate 2006 - 3.6%	Steady increasing Over 2001-2006, the rural labour force has grown while the unemployment rate has been relatively constant until a decrease noted in 2006 as noted by the data. Statistics Canada Labour Force Survey – Rural Manitoba • Labour Force (000) 2001 - 229.8 2002 - 235.3 2003 - 240.8 2004 - 241.4 2005 - 246.6 2006 - 244.7 • Unemployment Rate 2001 - 4.6% 2002 - 4.7% 2003 - 4.5% 2004 - 4.8% 2005 - 4.5% 2006 - 3.6%	Creating Opportunities consultations undertook public consultations in 10 communities in 2006. This process identified opportunities for further value added activities in both rural and northern Manitoba communities, which could support additional growth in target sectors. In last year's report, employment gains in manufacturing and consumer services was reported on. However, an alternate measure was used this year as employment in rural areas by sector is only available every five years from the Census. 2006 data will not be available until March 2008. MAFRI is working to determine a measure where new data is available annually.
The uptake of farm food safety programming by the sector.	Society is demanding safe food. The ability of individual producers and whole sectors to compete in domestic and global markets is becoming more dependent on demonstrating that food safety practices are being practiced.		6.3% of all Manitoba farm operations are estimated to have on-farm food safety programs implemented.	Increasing	MAFRI continues to work with the industry to provide training and other resources to meet this goal.